

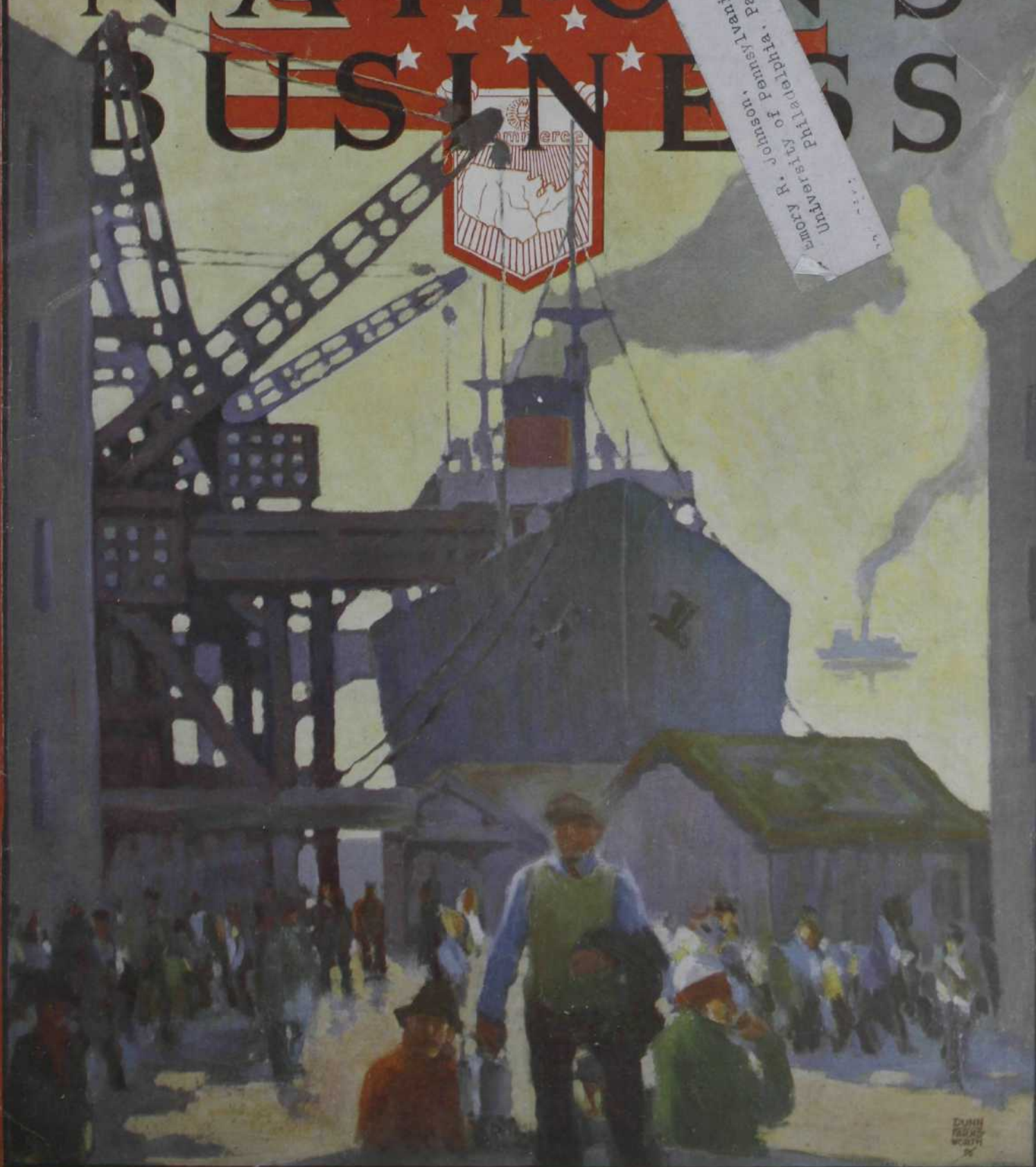
December 1920

WILMINGTON DELETION
FEBRUARY 1921
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THE NATION'S BUSINESS

University of Pennsylvania
Emory R. Johnson
Philadelphia, Pa.





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-The Answer

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The per capita inefficiency of industrial labor has been, and is, greatest in the congested eastern sections, and is in ratio with the decrease in efficiency of transportation.

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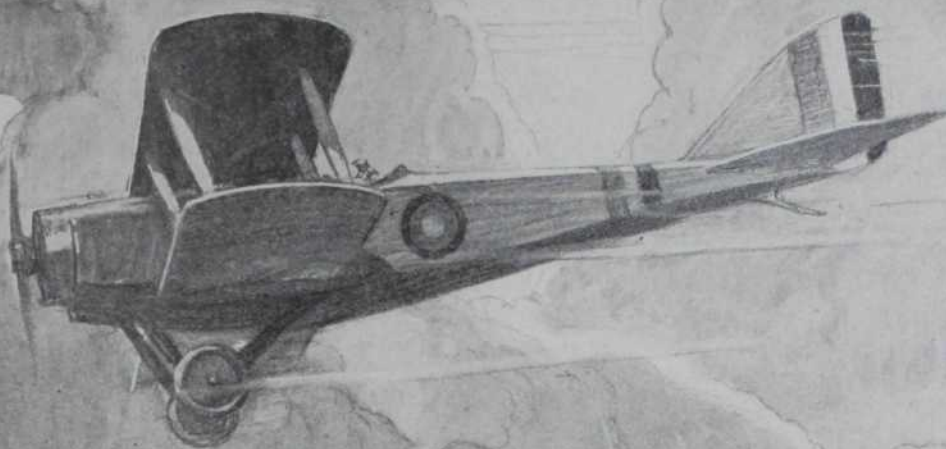
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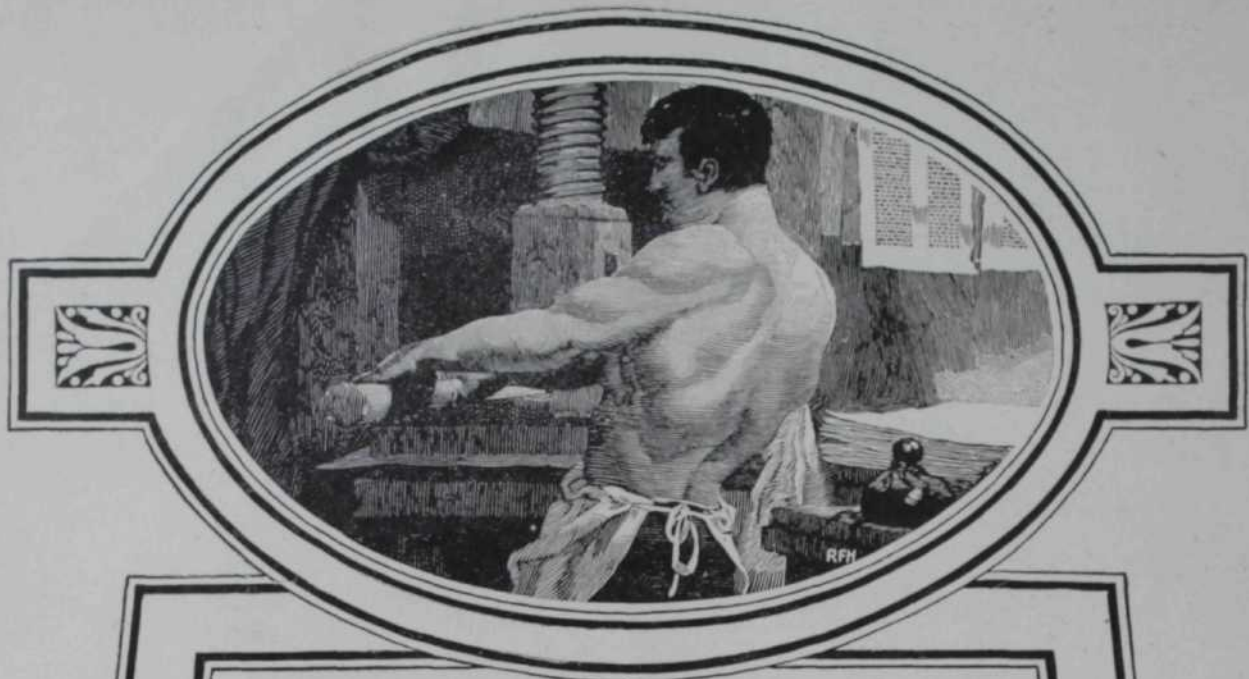
The use of the vacuum-tube equipment means higher efficiency.

In appearance and structure the pliotron is akin to the modern metal-filament electric lamp. It is blown of glass, and in its vacuum is a complicated series of wires, grids and plates. Before the war there had been no commercial production of pliotrons. Almost overnight came a paramount need for thousands of them. MAZDA Service made possible the devising of special machinery, standardized tests. The Research Laboratories, which include the combined skill and technical knowledge of the scientists of the General Electric Company, were peculiarly equipped to deal with problems that arose with our entry into the war. MAZDA Service knows to the last intricate detail the structure and manufacture of every type and size of electric lamp. This specialized knowledge was swung to focus on the vacuum tube and so quantity production of pliotrons began, and they became hard-working elements in our war-time radio work and of increasing peace-time value. The pliotron was produced through the unique combination of brains and equipment that constitute MAZDA Service.

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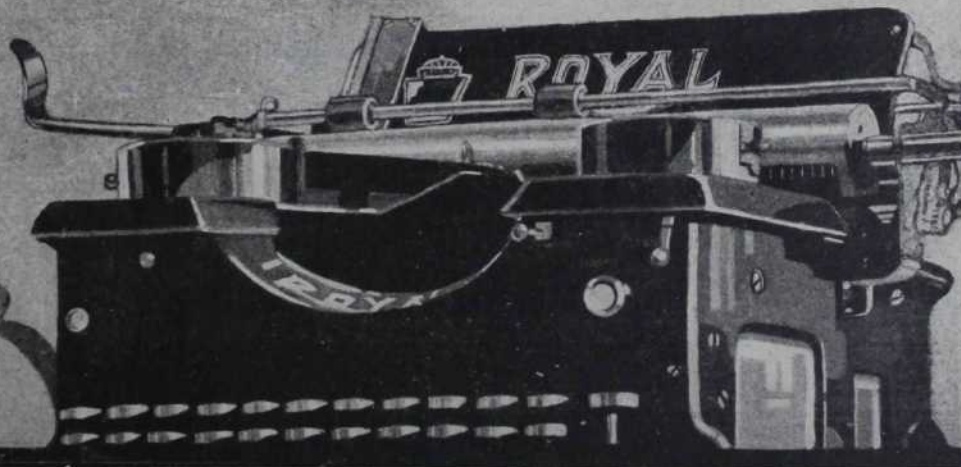
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Vol. 8

THE NATION'S BUSINESS

No. 12

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

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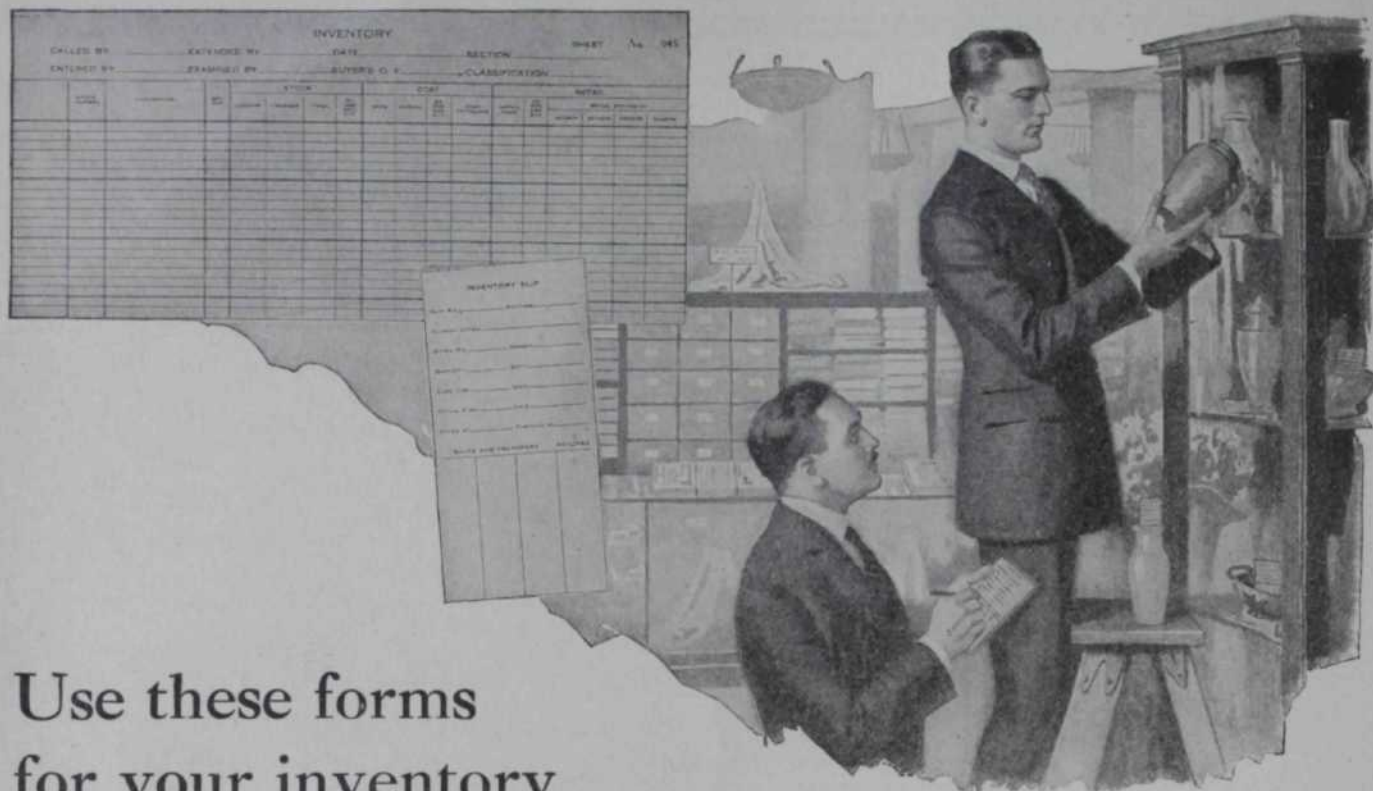
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Flying the Flag on a Deficit

The costly failure of the Shipping Board in its management of our great merchant fleet proves once more the inherent folly of allowing government to operate business

By JAMES B. MORROW

A SHREWD and paraphrasing man, who can see this, that and the other and put them together, says the government in its predicament over shipping has a wildcat by the hind leg. And that the wildcat shows all the active symptoms of backing out of its hole instead of going in.

This man is curious to know what will happen if the government lets go or doesn't. And, further, he asks this question, which, he holds, in the favorite lingo of Washington, is "constructive," rather than destructive: "Would it or would it not be better instantly to withdraw before the wildcat has time to begin its defensive and offensive operations?"

He thinks, after making many inquiries and studying great tables of public and private figures, that the government—otherwise the people of the United States—is losing a great sum of money, how much no one knows. Not even the Shipping Board knows. Some say

a half million dollars a day, others a million. One guess is as good as another. If overhead, depreciation, and the other ordinary charges of a private business are included, certainly the annual loss under existing conditions is staggering.

No living man, in the government or outside of it, can say what this country's spectacular adventure in shipping has cost and is costing the taxpayers of the nation. Perhaps the cost will never be known, except roughly, and even then the spread may be a half a billion or so in either direction.

"I have conferred with the chiefs who are assisting me," Admiral Benson, chairman of the United States Shipping Board, told the writer, "and they believe that we are now breaking even and, possibly, making a little money."

"Above interest, depreciation and overhead?" he was asked.

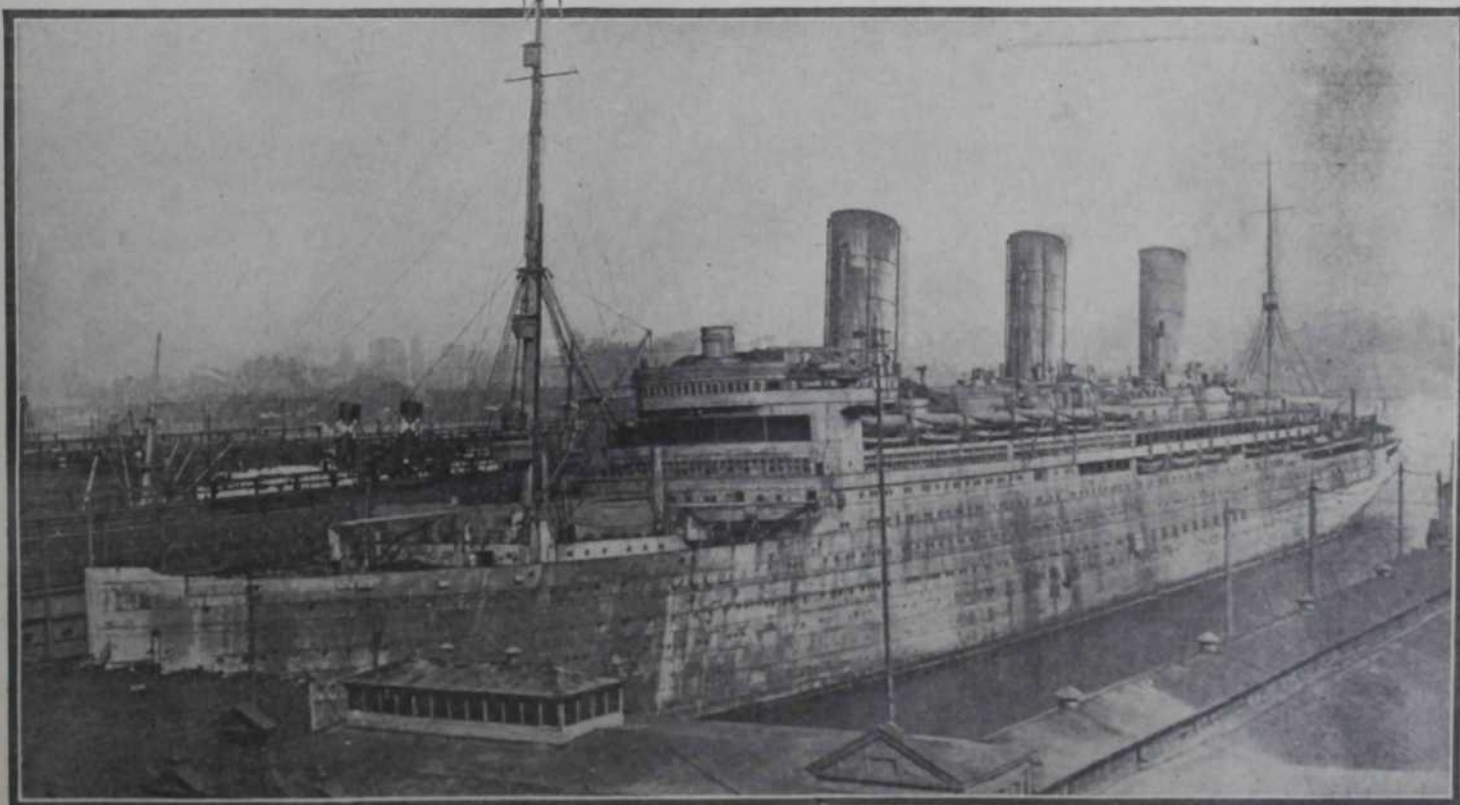
"Oh, no," he answered.

Possibly no bookkeeping jumble in the history of mankind has equaled the jumble that now, mountain high, perplexes, if not baffles, the accounting officers of the government.

This upon the authority of a highly placed government official.

So far, nearly as can be calculated, shipyards and merchant ships have cost the taxpayers of this country between three and four billions of dollars. A billion, it seems necessary to say, is a thousand million. The yards and ships were used for war. That fact, of course, is understood. But the war ended and the yards and ships were property on hand and in full operation—the yards filled with workmen and the ships at sea.

The question crying out for answer is: What is to be done with that investment today, with the rhetorical wildcat that gives piquancy to the statement of the shrewd and para-



Taken for "The Nation's Business" by Underwood & Underwood.

The "Leviathan," the world's largest liner, tied up at her dock in Hoboken. On September 8, 1919, she brought

General Pershing back from France. She has not moved from her dock since—idle for over a year and two months.

phrasing man quoted at the beginning of this article? No greater business and national question is up at this time for decision. Indeed, it is the one big question of the day, now that the railroads have gone back to their proprietors.

The case of the ships means money. So many hundreds of millions to be salvaged from the wreck of war. But money, no matter the sum, is, in this instance, secondary and in one sense unimportant, much as it is needed to pay the debts of the government and to lessen the taxes assessed against the people.

More vital by far is the question of national dignity and national independence and the readiness of America to deliver its own goods in its own vessels to its own customers. If America cannot deliver its own products in its own ships to its own customers then America cannot succeed in overseas trade.

Moreover, in war it is essential to national security that there should be a fleet of auxiliaries, both for army and navy. Lest we forget, Dewey had to buy ships from the British and seventy-five per cent of our soldiers were carried in foreign ships in the Great War.

The roots of the shipping question, therefore, reach into every American home, whether the home is among the hills or on the prairies or whether it be of stone or wood.

There was a time when the United States sold only raw materials to foreign buyers. Wheat to be ground into flour. Cotton to be spun into fabrics. And so on and so forth. The buyers sent their own ships, paid their own freight and took their own goods away.

Gradually industries other than agriculture were established and developed in this country. Their growth became one of the great facts in the world's history. More of this and more of that over and above what was needed at home was produced and found sale in foreign countries.

That 40 per cent Surplus

BBROADLY, men of figures say, the United States makes 40 per cent more of staple and novel products than can be consumed by American customers.

That 40 per cent, therefore, must be sold in Europe, Asia and South America if the merchants, workingmen, farmers, bankers and manufacturers of this country are to be prosperous. If it is not sold, then this country will be running, practically, on half time and thousands of families will suffer.

The war, as anyone can see, who thinks about it, has increased the productive power of the United States—if every man does an honest day's work. When this country is once again on its usual basis, the old surplus of 40 per cent may reach 50 per cent and even more in spots. Whatever it is and wherever it is it must be sent to market.

Formerly it was sent in foreign ships—all of it except 7 per cent. Also it was insured in foreign companies. This business amounts to \$250,000,000 a year, and as Dr. S. S. Huebner, expert on insurance to the Shipping Board, said in a recent number of *THE NATION'S BUSINESS*, the glaring folly lies not so much in the money paid, but in the revelation of facts and figures turned over to competitors.

There is little use of going into the causes of the decline and then the disappearance of the American merchant marine. Professors, each a member of some gloomy school of thought, and historians have been debating the subject for years. They stand today exactly on the spot from which they started. And are still talking—to one another.

There was no overseas merchant marine worth bragging about in 1914. The professors and historians agree on that point, at all events. Nor, practically, in 1914, were there any trained shipping experts in the United States. Early Americans, strung along the Atlantic Coast, built ships and sailed them across the ocean and to one another's settlements. Americans at first were distinctly a seafaring people, but this race died out and in their stead came manufacturing workers and proprietors.

One of the favorite boasts after April, 1917, was that "We have the money, the ships and the men." Two-thirds of the claim was untrue, if by ships a merchant marine was meant. Great zeal was shown, however, to make the boast real. All disagreeing voices were stilled and congress, unanimous, and the administration, likewise unanimous, poured out money by the billion for shipyards and merchant vessels.

Neither is there any use of referring to the groups of managers, one closely following the other, who wrangled about how things ought to be done without knowing anything whatever about the very technical business they were chosen to do. Then, suddenly, the fighting stopped in Europe.

When the Fighting Stopped

HUNDREDS of ships were at sea. Hundreds more were being built or were, by contract, to be built. And amateurs, enthusiastic, patriotic but helpless, were in charge of everything. No greater mess ever confounded a free people, and the mess, instead of being cleared up, remains.

Specialists in shipping, with every-day experience, assert positively that the government fleet should have been sold immediately after the signing of the armistice. Ocean freight rates then were the highest in modern records. Ships were bringing prodigious prices—were paying for themselves in a few voyages.

But the ships were not sold. The Washington judgment was in a state of suspense and the antagonistic principles of government ownership and public ownership had to fight it out. It is supposed also that ambitious men desired to show what they could do, rates soaring, in the way of ship management with the largest fleet afloat under a single control.

Presently a settled public policy was declared by congress—the government should withdraw from the shipping business. Prices of the vessels were fixed by the Shipping Board. "They are too high," said would-be bidders.

"Not for spot delivery in the midst of a boom in rates," the government answered.

It was buying talk on one side and selling talk on the other and then rates began to shrink and cargoes grow scarce.

There are men who say that the government should have lowered its price of from \$210 to \$220 a ton for ships to nearly half those figures. Purchases then could have been financed at banks and profits, supposed to be in prospect, would have swept the government's counters clean of bargains.

But here again elements altogether human came into the equation. "What will the sensational press say?" sums up that particular phase of the situation. All men in Washington are politicians. They may have both eyes on their jobs, but at least one of their ears is perked toward the people. "What will the sensational press say?" more than anything else, possible, stopped the government from getting out of the shipping muddle by selling its ships at a price

then below the going cost of reproduction.

There was never the remotest reason to think that the government could operate 1200 or 1500 vessels and make money, or even make both ends meet. All the supermen alive, combined in a single and harmonious management, could not do it.

An officer of a great maritime organization that has been built up by two generations of shipping experts says that his corporation owns and operates 120 vessels. "We couldn't add twenty more ships to our fleet," he declares, "and run them efficiently. There is a limit to what any combination of men can do with sea property."

Shipping is an intricate business. It includes banking, as well as insurance and a familiarity with commercial methods in many countries. A vessel sailing from New York may, possibly, touch at ports in the West Indies, South America, Australia and India. Cargoes or parts of cargoes must be waiting along the route and a cargo brought back to the United States, if the vessel is to have a money-making voyage.

No overseas shipping, except in a limited way, was done in this country between the years 1865 and 1916. For half a century America built railroads, furnaces, factories and mills, opened mines, cut down forests and put to the plow millions of acres of wild land. In these fine enterprises America became wonderfully proficient.

But skill in none of them helped any when America, with billions in appropriations, went into the business, on a gigantic basis, of building ships and using them. What talents this country possessed ended at the water's edge. Brilliant on land, America was less than commonplace at sea.

Much, however, was accomplished with American ships during the war, when expenses were never calculated and there was no thought of profit. The Allies needed food, munitions and men. They were sent. On the day that Germany surrendered the largest merchant fleet afloat under one ownership belonged to the United States.

It's Always the Same

THEN came the real test. Under government management, and government management in business is always slothful, extravagant and incompetent. As, for example, with the railroads. Admiral Benson, of the Shipping Board, frankly says that government management in any large business enterprise is bound to fail. It has failed with cargo ships and he will give anyone who asks all of the details.

Some of the details, under the present writer's name, were printed in the October issue of *THE NATION'S BUSINESS*. Read again an incident that Admiral Benson related.

"I went over to Baltimore, about the middle of August," he said, "and found that a 9000-ton vessel had been tied up in that port since the month of May. 'What does this mean?' I inquired of the officer in charge of the shipping.

"I have reported that vessel every day to Washington," he answered.

"Simply in the way of a routine item," I said. "Now," I asked, "what would you have done had that ship been your own property?"

"I would have gone to Washington long ago," he replied, "and seen about it in person."

Such is one instance. A thousand more could be stated. Consider the case of a captain who, on getting his cargo at a port in this country, was informed that 1500 tons of coal would be placed in his bunkers.

"But my ship," he said, "burns oil."

The captain waited four weeks for the

right kind of fuel and when he reached his port in Europe the cargo was refused by the purchaser and the market lost. In another case a vessel with a draft of twenty-five feet was solemnly sent for a cargo to a port where there was only seventeen feet of water.

In September a large and luxurious Shipping Board vessel sailed from New York for Queenstown, Boulogne and Liverpool. It carried 1000 tons of cargo and sixteen passengers. It returned to New York in ballast, that is, empty. Its expenses amounted to at least \$175,000. Maybe to \$200,000. Its earnings amounted to about \$50,000. But the vessel—God bless our country—twice crossed the Atlantic with the American flag proudly flapping in the wind at its stern.

Shipping journals in Great Britain are ridiculing America's efforts to shine at sea. France is rapidly restoring its merchant fleet. Other maritime nations in Europe are preparing for the battle for business that opened the moment the armistice was executed.

Figures are sometimes interesting outside of the circle of statisticians. The entire foreign commerce of the United States—goods coming in and goods going out—for the first six months of 1920 totaled 37,398,184 cargo tons.

Of that total, Shipping Board vessels carried 10,629,060 tons. Privately owned American vessels carried 12,095,127 tons.

Foreign vessels carried 14,670,997 tons.

It is within reason, it seems, to say that the Shipping Board vessels, had they been scientifically operated, could have done every dollar's worth of this business.

And more ships—about 130 in all—under war contracts, are to be completed and turned over to the national government. Twenty of them are to be large passenger vessels. Will they also go aimlessly from port to port, daily cutting deeper and deeper into the Treasury of the United States?

The mind of the country should turn to shipping with the vigor and ability that it has shown in other directions. There are twenty-one shipowners in the Parliament of Great Britain and at least a hundred other members who are directly or indirectly interested in the shipping industry.

We shall need the best shipping brains in America in the consideration of the question, a question that takes first place on the calendar of the nation's business.

Who shall control our ships?

Shall the government withdraw from the business of building and owning ships?

What shall we do with government-owned ships?

Shall the Shipping Board, constructed for the purpose of regulating shipping, continue to operate ships?

Has the board, or any board, the ability

to administer the largest merchant fleet controlled by any body or organization in the world?

Shall we, or can we, accept the liability involved in the tremendous expense of its operation in the hands of inexperience?

Shall we, collectively, as a government, give aid to the man or men who will undertake to operate a merchant marine for us?

If so, how, of the hundred and one ways, shall it be done? Subsidy? Or indirectly by preferential duties? By increased mail compensation? By payment of bonus to officers and seamen enrolled in a naval reserve? Or exemption of vessels from taxation? Or modification of the Seamen's Act? Or revision of laws affecting inspection service, load water line, bulk-heading of vessels, life-saving appliances—and ninety-nine others?

Shall we assume responsibility hitherto assumed by the British Lloyds and classify our own vessels?

Shall we handle our own insurance?

Back of all this looms an industry. How maintain our shipyards?

It is a big problem, one to be solved on the soundest of economic lines, lest it come back like Banquo's ghost to haunt us and our children's children.

Note: This is the first of a series on the shipping situation. The second will appear in the January number.—THE EDITOR.

The Human Side of Banking

If you think banks content themselves with simply taking money in and paying it out, read these stories of unusual tasks that come under the head of trust activities

By J. W. BISHOP

A WOMAN walked into the Paris office of a big New York trust company and got a check cashed. Talking with one of the bank's officers, she said:

"I don't know what I'm going to do. I've got to go to London tomorrow, I've six trunks to pack and my passports must be viséed and I can't get a soul to help me."

"We'll do that for you," said the banker, and they did. The company sent a porter around who packed the six trunks, another man attended to the passports and the depositor went on her way to London in comfort.

Service? The woman thought so and she's quite apt not only to stick to that bank as long as she lives, but to make it an executor in her will.

Don't get from this the idea if you're starting away on a little trip to Palm Beach or Havana you can go to the telephone, call up the National City Bank or the Guaranty Trust Company or Kuhn, Loeb & Company and ask for the third vice-president in charge of trunk packing and get away with it. You can't. But the incident shows what a bank can do when the emergency arises. It shows, too, the state of mind of a present-day bank to its customers. It helps to do away with the conception of a bank as a huge money machine which swallows money greedily and parts with it reluctantly.

"Service" is a much overworked word. No matter what you buy, tooth paste or tank cars, you are apt to be told that you are buying "service" as well as tubes and tanks. But "service" is a very important thing to a bank's well-being. It does not advertise its service station quite as prominently as does an automobile dealer, but it has such

a department, whatever it may be called.

The records of any banking institution are full of human stories, of cases where with no profit to itself, very often with an actual loss of time and money, the machinery of the company has been devoted to straightening out the tangled money affairs of men and women who would be easy prey to the dishonesty of an individual trustee or the bad advice of a well-meaning friend.

It takes more than financial good sense to meet the problems that arise. It sometimes calls for diplomacy of the most delicate sort, the diplomacy that can act as the mediator between brother and sister, or can see to the physical comforts of a minor child.

Here is a case in point: Two elderly women, sisters, had long been clients of a big trust company. One sister died, leaving her whole property, about \$30,000, to the other, who is now more than seventy-five years old, blind and unable to write. She would be at the mercy of a trustee if he should prove unscrupulous.

"That's the sort of case," said an officer of the bank, "that gets our very best attention. We feel a lot more loyalty, allegiance and obligation to these cases than we do, for instance, to a customer bank. The bank can look out for itself."

Here's another story which shows how delicate a bank's task may be: A man of eighty, once prominent in public life and still in possession of a large income, is mentally feeble and a trust company is acting as his committee. The old man has two children, a son living in this country and a daughter living in Europe.

The old man lives with the daughter-in-law in this country and she gets a large

allowance for caring for him. Her object in life is to milk the estate. Among other things she wants her two children to be educated at the expense of their grandfather. It is not hard to see the task of the trust company in keeping peace in that family and watching the interests of the daughter who lives abroad.

Let's listen to a pleasanter story of the little things a bank can do. An officer of the company whose deposits run into nine figures tells it:

"A man created a trust for us for the sole purpose of teaching his young children business methods. He wanted them to get a regular allowance paid by a financial institution and not to come to him every time they wanted money. We accepted the trust, although it was not a large one.

"In watching the securities in which the trust funds were invested, we noticed that they were liable to depreciation in value owing to the conditions under which the sinking fund was operating. We therefore suggested to the father that he could make a little money for the trust by selling the securities and investing in others which would not only make a little larger return, but would make a profit on the exchange.

"He was a much-surprised man that we should bother with such a small matter."

The service tasks of a trust company are not limited to handling money by any means. The trunk packing episode may be extreme, but it is not unique. Not long ago a New York trust company got a hurry call from a woman who was a small depositor. She was in a peck of trouble. Her valuable library, including many rare first editions, had been stored in a warehouse which had been

burned down. Her books hadn't been burned, but they would be ruined by water unless they could be moved at once. All the van men in town were on strike and, please, would the bank tell her what to do?

The bank not only told her what to do. It did it. It sent two men to the warehouse ruins and by nightfall they had seventeen cases of books safely out of the ruins.

That old-fashioned banker of melodrama who sat in his dingy office waiting for the happy moment when he could foreclose the mortgage and turn the widow and children out, preferably on a snowy Christmas eve, seems no longer to be in fashion. Instead he's apt to find a part of his time devoted to widows and orphans, not merely to looking after their money, but even their surroundings. The trust officer of a big company, not in New York, is telling the circumstances:

"We are guardians of two children, one five, one six. Their parents are both dead and they have a nice estate under the will of their grandmother who made us their trustee. When the problem of their care came up, some friends in Chicago wanted to take them, not to adopt but to bring up. We looked into the Chicago folks, found out what we could about them and finally went into the Orphans' Court and approved of their being sent to these folks to live with. But we got a court order authorizing us to make an inspection of the children once a year. So once a year, at least, we send a competent woman out to see them. She finds out how things are going and reports back to us and to the court. And everything is going well. Of course, their money affairs we look after. That's not so hard, but it's something of a task for a bank to have to make sure that two little children are being well brought up and cared for.

The Bank to the Rescue

HERE'S another case not quite so pleasant: We had the care of a very small property—about \$1,500—of a boy of fifteen who was bright but undeveloped physically. He lived with a married sister who made him work after school and nights. One night she turned him out and he, not knowing where to go, wandered around until he found a friendly clergyman whom he knew. The minister took him in, got one of his parishioners interested and between them they put the boy on his feet. The sister got jealous and insisted that the boy must be returned to her and must move to another city with her.

"That's where we came in. The minister and the woman who had befriended the boy came to me; we put the case up to a court, got Mrs. Blank named as guardian of the

person for the boy and he's getting along fine now."

If the institution has its human side, there are times when it turns its inhuman or rather its impersonal side to business. It has to when it is called upon to interfere in family rows as it sometimes is. Here's a story a trust officer tells of one family row and its outcome:

"Three brothers had built up a very pros-

perous baking business, but had never incorporated. One of the three died, leaving a child of fourteen and no will. The surviving brothers offered to buy out the child's interest in the business. They made what the administrator thought was a fair offer—they were all an honest lot, honest as could be—but it was necessary, of course, to have a guardian for the child and our bank was named.

"The administrator was all for taking the offer. He said the child's uncles wouldn't try to wrong her. We didn't think they would either, but being a soulless corporation we had to be shown. At the expense of the brothers, we put expert accountants on the books, and they got mad and kept getting madder. The upshot of it was that they found out that their business was worth more than they knew and it ended in their cheerfully paying a good deal more than twice what they offered.

"And, as I say, they were honest all through. They just didn't know. And after they got over being mad at us, they reorganized their whole bookkeeping system and incidentally both of them carry accounts with us now.

"Here's another case where personal feeling was a mighty bad thing to have and where a trust company wasn't moved by it. We were trustees of the estate of a man who some years before had invested \$80,000 in the bonds of a railroad in a southern state. The bonds had been in default for years and the interest was about equal to the principal. Before our client died, a neighbor of

his was trying to force payment of these bonds, but our client had a small-sized feud with this chap and wouldn't help in any way.

"Well, as far as we were concerned, that feud died when our client did, and when we took hold we hunted up the attorney for the other bondholder, patched up a peace and were in a fair way to get back the full amount. I don't believe the client himself would ever have got a nickel."

To what lengths a bank can go to help a client is plain from the experience one woman had not long ago. She was well to do, but short of cash and owed \$40,000 on a note secured by property which had come to be worth, perhaps, a quarter of a million. But she simply couldn't meet the note. At the eleventh hour her husband turned to a bank for help. One of its officers spent a whole day arranging to have a bank in an Ohio city, which knew the woman's husband, take over the note and persuading the noteholder to sell it. The whole deal didn't make the bank a cent. In fact, it cost them telephone and telegraph tolls, in addition to the officer's time. But the woman's property was saved.

It is possible to multiply these cases without limit, but they may serve to show that after all, mere business doesn't put an end to human feeling and a bank can be just as kindly as an individual—and sometimes more so.

If You Still Doubt

AND, if you still think a banking institution is never jolted out of its rut, here's a little task the trust officer of one company had to perform. A man about seventy-five had an estate of perhaps \$30,000. His wife was dead and because she was fond of dumb animals he got the city's consent to put up a fountain and watering trough—all decorated with horses and oxen and birds, the kind of city ornament that the automobile is putting out of business.

"We were executors of his will," said the bank officer who told the story, "and it directed that his body should be brought in front of the fountain, where the hearse should stop just two minutes.

"I say two minutes," he explained, "because I can't stand there any longer now without crying. Now I want you to see that this is carried out."

"We said we would and that there would be no charge.

"No," he said, "I want to pay for it. I want this a business matter. That's why I don't ask any of my children to see to it."

"So we took the contract and, believe me, one of us trust officers was right on hand with a stop watch and the old gentleman's wishes were carried out to the second."



A one-time popular idea of the banker's duties.

Credit and Farm Prices

Demands for government financial aid to help the farmer avoid the results of falling prices have been so insistent that you might think that the farmers are unanimous in the opinion, but here is the truth of the matter

THERE is no substantial agreement between bankers, much less between farmers as to the farm credit situation. The matter is acute. Since the 1920 crop totals became known there has been substantial reduction in prices of farm products. The drop is far greater than the increase in volume of the crops, and the net result a decrease of large proportions in the farmer's income account.

This has been exploited to the limit, ranging from the modest two and a half billion dollars named by the Secretary of Agriculture to the five billions quoted by a Washington publication, and the seven billions quoted by a Baltimore publication. This loss and its exploitation have had two reactions, one on the farmer, who with his pocketbook and his self respect hurt, is fighting mad; the other on business men, especially manufacturers, who see the farmer's purchasing power diminishing and the great home market for manufactured articles hurt.

And so both farmers and business men are seeking facts, and hunting remedies.

How Big a Loss?

WHAT has actually happened is not a five or seven billion dollar loss but a smaller one. The following table shows the size of the principal crops this year, their value per unit on October 1, 1920, the price per unit on October 1, 1919, and an estimate of the difference in price per unit when computed in terms of this year's crop. It shows what the results would have been if there were this year's crop and last year's prices. The table needs careful study.

This tabulation is made from Department of Agriculture figures. Since October 1 further price recessions have swelled the apparent loss, turning the wheat gain into red letters, and increasing the loss on potatoes. Apples are not quoted but should be added if figures were available.

It is the situation actually existing which

1920 Crop Estimate		1919 Price	1920 Price	Difference
Wheat (bu.)	750,648,000 bu.	\$2.096	\$2.143	+53,298,600
Corn (bu.)	3,216,192,000 bu.	1.539	1.213	-1,048,478,592
Oats (bu.)	1,444,362,000 bu.	0.684	0.607	-110,005,874
Barley (bu.)	191,386,000 bu.	1.153	0.912	-46,124,026
Rye (bu.)	77,893,000 bu.	1.358	1.623	+20,641,645
Buckwheat	15,532,000 bu.	1.620	1.594	-403,832
Flaxseed	11,704,000 bu.	4.382	2.797	-18,555,840
Potatoes	414,986,000 bu.	1.692	1.348	-121,005,884
Sw. Potatoes	103,779,000 bu.	1.547	1.608	+6,330,519
Hay (tons)	106,451,000	1.979	1.894	-90,483,350
Cotton (lb.)	6,061,500,000 lb.	0.313	0.255	-531,567,000

this table fairly indicates, and a state of mind which a still greater price decline between July 1 and October 1 brought about, which brought the recent "farm credit conference" in Washington.

Just what the organization and the farmers' representatives present at that conference really had in mind as to causes and

THE FARM credit situation is attracting wide attention. Recent declines in the prices of farm products have stirred the agricultural population. Some farmers through their organizations have sought relief of the government, asking for special credit arrangements to permit them to hold their crops for better prices.

Commercial and industrial interests have watched the situation closely. They desire to see if the government's policy of deflation was to be adhered to in all circumstances, no matter how great the pressure used.

The Secretary of the Treasury, in answer to the farmers' request for credit has declined, saying that the Treasury "could not be a party to an undertaking on the part of any sort of producers to hold their commodities artificially for speculative purposes to secure war prices or higher than war prices." Further the Secretary has stated, "banks and certain industrial sections of the nation are rediscounting in very large sums for banks and crop moving sections in this emergency and the sum total for crop moving sections is about six times the amount that the Secretary of the Treasury deposited in crop moving sections to assist producers at the time when the Treasury had a surplus and before the Federal Reserve system was inaugurated."

In an effort to learn to what extent price declines are affecting the farmer's total income and to get the views of the representative organizations as to what should be done, *The Nation's Business* asked a man not connected with the National Chamber, but whose business it is to keep thoroughly in touch with agricultural affairs, to set forth the facts. The article is presented herewith.—THE EDITOR.

remedies, is the matter of present interest.

Two other matters have an interesting bearing on the subject. Reference to the table will show that eight crops show losses. Of these all but one—cotton—are crops largely consumed on the farms or in a comparatively near market. Fully 60 per cent of the corn, oats, and hay, are consumed on the farms. Thirty to forty per cent of the po-

in the Farm Credit conferences, and this is significant.

Reference again to the table shows that next to corn the biggest loss is in cotton. This is a cash crop. It is raised at the cost of high priced fertilizer and much hand labor. A slump in price hurts the producer, also hurts the buyers, if they happen to have bought on the higher level, and not to have been able to pass the cotton along to some manufacture before the slump. Cotton states were heavily represented at the recent Farm Credit conferences—whether they were producers or buyers still remains to be seen.

Two great groups of organized farmers were not at the conference, the American Farm Bureau Federation, and The National Grange, both national organizations. Either includes in its membership a far greater number of farmers than were represented at the meeting.

So this brings us to just what those farmers who are sufficiently organized to be vocal, think about it all, and what they want.

First, there is the Farmers' National Council. This organization claims to represent several farmers' organizations, including some Grangers in the Northwestern States which are committed to programs calling for government ownership of railroads and natural resources, and certain state Farmers Unions and Societies of Equity, all more or less committed to a socialistic-paternalistic program. It has close connection with the Non-partisan League, and intimate contact with the Plumb Plan League, and has put its views on paper in the form of a letter to the Secretary of the Treasury.

Two quotations from this letter make the views of these farmers plain:

Plenty of Capital, But—

THE increase in resources of all banks from 1913 to 1920 has been \$25,085,494,000 or almost a hundred per cent. In spite of this fact farmers today are having the greatest difficulty in securing credit to enable them to finance not only the productive operations but the selling of their products in an orderly and systematic way. . . . It is evident that farm products must be financed until there is an effective consumptive demand, either by the producers themselves or by middlemen who tend to be hoarders and to hold farm products for speculative purposes. . . .

The ultimate consumer of the six farm staples—cotton, wheat, corn, apples, potatoes and live stock— . . . will not be benefited by the enormous loss farmers have had in these staples since July 1.

The farmers' loss affords velvet to middlemen, but neither comfort nor reduced price to the ultimate consumers. . . . Farmers must receive the cost of production plus a reasonable profit, including

tatoes are consumed where grown. Price reductions on these crops lose in their effect on the producers' actual cash receipts. There is another reduction in net loss in years of increased yield, of which the season now closing is a typical example. Farm crop conditions are nearly ten per cent above normal this year. No corn growers were represented

profit for years when crops are a complete failure. To achieve this the only solid basis for agriculture the farmers must get their credit for production and orderly marketing at a reasonable figure.

"We respectfully ask, therefore, that as Secretary of the Treasury you will urge upon your fellow members of the Federal Reserve Board that . . . they request all member banks securing funds from Reserve banks or sending paper to them to certify that they will not charge over one per cent in excess of the rates for which they secure money. We further urge that the Reserve Board will . . . prohibit the sending of money from western banks to the eastern banks for speculative purposes. . . . We believe that despite the fact that our government is today in debt and has no surplus in the treasury it will be the duty of the government solely on grounds of public welfare and not as a special privilege to the farmers to borrow and to deposit substantial funds in the national banks to be loaned to farmers on adequate security on warehouse receipts or otherwise at a rate not to exceed one per cent over the rate the government pays for such money."

Next, there is the National Board of Farm Organizations. This organization of which Charles A. Lyman is resident Washington representative, is made up of a few national farmers' organizations, notably the Farmers' Union, and the National Milk Producers' Federation. This organization has as its Chairman, Charles S. Barrett of Georgia, a moving spirit in the recent conference, and it acted as host of the conference, and joined in all its statements and activities. From these statements is found a fair resume of what these farmers think about credits.

Food at Less Than Cost

PRICES now current in the market are below cost of production and unless some immediate remedy is found . . . general bankruptcy and ruin are inevitable. The condition now facing agricultural interests of America is not confined to any one section. . . . The fact that we are facing prices today that are below the cost of production arises out of the fact that while the Federal Reserve system was found adequate to finance our allies and ourselves during the great upheaval the world has ever seen it is arbitrarily withheld from assisting the basic industry of this country. . . . The condition of agriculture is now desperate. The condition of mind of farm population is now ominous. . . .

"The present situation was brought about by the following official acts: 1. Restricting of credit; 2. raising the rate of discount on farm products; 3. discontinuance of the War Finance corporation; 4. statements given out by the Secretary of the Treasury and Governor of Federal Reserve Board . . . ; 5. the action of the Federal Reserve Board in counting the bonds held by member banks as part of their commercial credit.

"We, therefore, insist that the Federal Reserve officers and officers of the Treasury department shall . . . desist from issuing statements as to their opinions as to prices. . . . And that the rate of discount for the orderly marketing of agricultural products of this country shall be made as low as

sound business will justify and . . . shall be uniform. . . ." In another report are found these statements:

"We recommend that no low grade cotton . . . shall be gathered but left in the field for cattle feed and manure. . . . If the present condition confronting the cotton producer is not materially improved he should not jeopardize the agricultural and commercial interests of the country by planting a large cotton crop next year. If cotton acreage can be materially reduced the market will be re-established at a price which will justify the producers as a business proposition to continue producing cotton. These reductions ought to be secured not by a pledge, but by a legal binding contract."

Third, is the American Farm Bureau Fed-

A fairly clear statement of the views of this organization, in so far as they are voiced by Mr. Silver, can be found in correspondence between him and Secretary Houston and Governor Harding.

From the letters and papers of Mr. Silver his position can be summarized in a statement that the Farm Bureaus believe that bankers generally, including the Federal Reserve Board and the Secretary of the Treasury, have not been responsive to the needs of agriculture neither understanding nor appreciating the seriousness of the farmers' problems; that the officials in their efforts to hold down inflation have made statements which bankers have been glad to construe into excuses for withholding farm loans because of their less attractive character, and that banking practice, and Reserve Board rules limiting rediscounts to three and six months paper do not meet agricultural needs. Organized business, they believe, has been able to get accommodations when unorganized agriculture could not, and this applies to speculation as well as legitimate business.

They Approve the Smith Bill

BELIEVING that production has not been sufficient for normal consumption, if there were normal export trade, the Farm Bureaus are strongly advocating the Smith bill for a billion dollar government loan to Germany to finance export sales to that country, thus relieving the depression in staples here. The Farm Bureaus also ask for laws or rules permitting classification of production loans, and a low discount rate thereon, and that the Reserve Board should define its pet phrase, "Orderly marketing" to mean that it will see to it that farmers get credit to permit them to distribute their crops over an entire twelve months, instead of being forced to sell at harvest time.

Fourth, there is the National Grange. This organization is represented in Washington by Prof. T. C. Atkeson, Master of the West Virginia State Grange, former dean of the West Virginia State College of Agriculture, and a member of the National Grange Executive Committee. The Grange is a fraternal organization of farmers with nearly a million members organized in all the northern states from Maine to California, and in Delaware, Maryland, Virginia, West Virginia, Kentucky, Missouri and Oklahoma. This organization has been less active in the credit-for-farmers plea than any of the others, although Prof. Atkeson has taken part in several conferences and has been before the Treasury officials with the other farm organization representatives.

Last year the Grange adopted a resolution dealing with personal credits, in the following language:

"In order to encourage farm ownership and production and to make it possible for farmers to capitalize their health, efficiency, education, character and industry, we favor a properly safeguarded system of personal credit."

In the Declaration of Purposes adopted in 1874, part of the fundamental precedent and the continuing policy of the Grange ever since, is found the following:

"We shall endeavor to advance our cause by laboring to accomplish the following objects: . . . to reduce our expenses, both



Photo by Robert H. Moulton.

The American farmer is gathering this fall a 3,216,192,000 bushel corn crop. As usual it will be largely consumed on the farm and "marketed on the hoof." Naturally the views of the corn farmer differ from those of the cotton planter whose product is turned into cash.

eration the big new farmers' organization represented in Washington by Hon. Grey Silver. This organization is less than a year old, but has state units in forty states, or thereabouts, some of which are six or eight years old, and altogether claims a paying membership of nearly a million members.

individual and corporate; to buy less and produce more to make our farms self sustaining; to diversify our crops and crop no more than we can cultivate; . . . to systematize our work and calculate intelligently on probabilities; to discountenance the credit system, the mortgage system, . . . and every other system tending to prodigality and bankruptcy."

Perusal of these two statements makes it plain that The Grange will move in the direction of better credits only when it is convinced that grave public policy is concerned in such movement. Prof. Atkeson has stated that he is convinced that there are far graver causes for the present decline in prices than can be found in the credit situation. With part of the world in bankruptcy there is a period parallel to that following the Civil War when prices rose due to inflated currency then declined to very low levels. The extension of credits, and the incentive to debt at this time, unless clearly necessary to prevent far worse troubles do not seem, in the Grange view of the situation, to be wise or proper.

It is a time to stay out of debt, and get

out of debt, rather than to plunge into debt.

While holding to this as sound farmer policy, recent statements from The Grange indicate also that its Washington representative holds very strongly that drastic deflation of credits at this time offend even more seriously against public policy. Prices will return to normal, but must not be forced back to normal by a forced decrease in the value of money while there is the great debt outstanding which was incurred when the money borrowed was cheap money of inflated currency. Neither farmers or other individuals, or the government itself should be artificially compelled to pay debts contracted on the cheap money basis in a deflated, high value currency. The Grange will resist this tendency and ask that every official charged with authority be held strictly to a policy of not only repressing further inflation but also of doing everything humanly possible to spread the period of deflation over a period which will be nearly coincident with the payment of the war debt.

In this policy involving the welfare of the whole people a policy of economy in govern-

ment, of the suppression of the possibilities of great speculation in liberty bonds, and the equalization of tax burdens, agriculture as a minority interest, in the opinion of The Grange, must be willing to acquiesce in what is best for the whole people, and farmers, individualists always by avocation and environment, must continue to finance themselves by the habits of industry and thrift which lie at the foundation of the Grange organization.

This statement of policy and this view of the farm credit situation is fairly summarized from available Grange literature, and the statements made by Prof. Atkeson. It is evident that he is in agreement with the others only to the extent that he believes that deflation should not be permitted at this time, especially at the expense of farmers, that there should be no discrimination against agriculture in this matter of credits, and that all policies, affecting banking and credit should be first thoroughly tested as to effect on agriculture, the basic industry without whose prosperity no other industry can be permanently prosperous.

Fighting a Crime Organization

The Chicago Crime Commission is waging a vigorous and effective campaign against the combination of criminals and their helpers that has given the city the wrong sort of publicity

By WAINWRIGHT EVANS

THREE YEARS AGO the Chicago Association of Commerce determined to fight organized crime in Chicago by the use of business methods. "Chicago," they said, in effect, "has more than its fair share of crime. Either the law is inadequate, or the machinery of justice is not functioning as it should. We or public opinion is asleep on the job. We don't know which it is; we have no preconceived theories. We aren't reformers. But we are going to run this thing down and find out what's the matter, and what is the remedy. We'll fight it out on this line if it takes six years."

And having come to that conclusion, the Chicago Association of Commerce organized that remarkable experiment in civic service, the Chicago Crime Commission. The Chicago Crime Commission is the instrument by which the organized business men of America's second largest city are fighting organized crime, as practiced by some ten thousand professional criminals who specialize in the major offenses of robbery, burglary, and murder, and make a good living at it.

It is, so to speak, business sagacity matched against the lowest kind of business cunning; and it has been a battle royal from the start. Crime is as much an organized business in Chicago as if the criminals had down-town offices in the loop district, lined with filing cabinets and fortified with batteries of typewriters. And the only reason why these criminal bands lack such facilities is not that they would have no use for them, but simply that they have to keep more or less under cover.

The commission has no lurid story to tell; or at any rate, if it has one, it doesn't tell it. It makes no effort to run down or prosecute criminals. It simply sees to it that the agencies which are supposed to do that are sticking to their last without too much distraction from dirty politics and other forms of civic corruption. If they don't, why—the newspapers of Chicago are generous with their space, and the facts are always news. There is always that possibility, and the

thought of it keeps many a rascal in the straight and narrow path.

One highly important side of the commission's work is the collection of criminal data, the purpose being to demonstrate on the basis of irrefutable fact, just what is the matter in Chicago. It isn't starting out to prove a theory. It hasn't any. It is drawing no conclusions till it has all the facts. When the facts are in, then the commission will be able to conclude either that new laws are needed; or that certain police, prosecutors, and judges need to change their ways; or that nothing will serve but to shout the inside facts from the housetops and so arouse public opinion to the point of action.

The method by which the commission operates is simple. It keeps two men continuously employed making a record of all criminal cases that come up. Every bit of that record goes into the files of the commission, on special forms that have been perfected for the purpose. Every individual criminal has his card, classified according to the nature of his crime, and cross indexed so that every detail of his career can be seen at a glance. Nothing escapes the net, not so much as a chauffeur picked up for speeding—and let down easy, perhaps, at the request of some ward politician.

Here, for instance, is a man held for burglary. If he be released on bail the amount is noted, the name of the bondsman, the security back of the bond, and all the rest of it. Is the security good? The commission looks it up and finds out. Later the man may come to trial. Sinister influences may lead to the case being deferred time after time, indefinitely; or to the man being tried and convicted on some charge involving a trifling penalty to escape the graver charge. These things don't happen so often as they did. The crime commission knows all about it, and the whole political and criminal world involved knows that it knows.

Formerly robbery with a gun carried no unusual penalty in Illinois. Now it means

from ten years to life. In the first four months of 1920 cases of robbery in Chicago dropped 22.06 per cent under those of the same months in 1919—directly because of legislation initiated by the crime commission.

These examples merely scratch the surface of the story, but they are suggestive of what lies beneath. The psychological effect of the commission's activities on the police and the courts has been remarkable. Scores of criminals have been convicted by its efforts. Pardons sought for improper reasons have been blocked. Corrupt officials have been made to behave through fear of exposure; weak ones have felt able to do the right thing because the activities of the commission gave them a good excuse to break away from former courses without incurring disastrous enmities; strong officials have felt able to be more aggressive in doing their duty because they had the commission back of them. The police department of Chicago has welcomed the aid the commission has brought to it, and police officials frequently avail themselves of the wonderfully complete data regarding certain criminals which the commission has assembled.

At present burglary insurance in Chicago costs \$27.50 a thousand. In New York, which is supposed to be a lively town, it costs a paltry \$19.80; in poor old Boston it's only \$11. It will be interesting to note what happens to the Chicago rate in the next few years.

The Chicago Crime Commission has among its members men who are high in the councils of the United States Chamber of Commerce, among them Joseph H. Defrees, who was formerly first vice president of the commission, and James V. Farwell, who is active in important research and committee work. The Operating Director is Henry Barrett Chamberlin, formerly managing editor of the Chicago *Record-Herald*, and an organizer of very great ability. He is peculiarly equipped for the work because of his expert knowledge of Chicago politics, and of the ramifications and personalities of its criminal world.

"And I Did Not See a Snake—"

We used to think of the Amazon valley as a disease-ridden land swarming with dangerous animals; in reality, it is a rich country suffering for lack of business explorers

By JOHN F. BARRY

THE IMMENSE VALLEY drained by the Amazon River and its tributaries is as large as the United States; it has a soil of amazing fertility; there are no droughts at any time; rain falls throughout the year; there is perennial sunshine; and the climate in the greater part is mild and equable. The forests of the Amazon are full of products which have commercial value; there are millions of acres of flat grasslands suitable for stock-raising and agriculture on an immense scale and there are mineralized areas which have hardly been explored as yet.

This is one of the most attractive trade fields in the world today; a potential market for our manufactured goods and virtually an inexhaustible source of supply for raw materials needed by the world in its manufactures. With the exception of rubber—and Brazil nuts and cacao to a lesser extent—no attempt has yet been made on an extensive scale to develop these natural resources. There are not wanting signs, however, that this condition will soon be changed. Engineers and trade representatives of several European countries are already on the ground, but American business-men have not yet fully awakened to the importance of Amazonia.

Why the United States?

THERE are many reasons why the United States should participate in this development work. We are going out after foreign trade in earnest for the first time in our history and should be willing to learn from the experiences of the successful trading nations of the past; perhaps the most important leaf we could take from our competitors' "Standard of Practice" at the outset is that: It is even more important to develop new markets for our manufactured goods than to capture from competitors those markets already developed. And with this in mind it would be difficult to find on the map of the world a region more worthy of our close study than this little known area of the South American continent called Amazonia.

A second reason why we should be interested in the development of this potential market is because the Amazon is nearer to the United States than to any other world market; Belem—commonly called "Para"—is the gateway of the Amazon valley; all the exports and imports of the entire valley must pass through its port, and it is a shorter sailing distance from Belem to New York than from Liverpool to New York, and about one-half the distance from Belem to Liverpool.

Perhaps the most cogent reason is that Brazilians like us and expect more aid from the United States in developing the natural resources of their country than from any other nation; they realize their latent wealth, but need outside financial and technical assistance in developing it—just as the United States needed the aid of Europe after the Civil War.

Brazil is rich in all the natural resources that go to the upbuilding of a great nation. Lord Bryce in his book on South America asserts that Brazil is richer in raw materials than the United States. And of all Brazil that part which lies in the Amazon Valley

should offer the most attractive possibilities in the way of development.

The area of the southern continent watered by the Amazon and its tributaries is estimated at between 3,000,000 and 4,000,000 square miles. This immense region, known locally as "Amazonia," comprises all northern Brazil, the northern part of the republic of Bolivia, all Peru east of the Andes, and large areas of Colombia and Venezuela. The Amazon is the trade outlet for this entire region. In the tens of thousands of miles of navigable waterways nature has provided a ready-made transportation system for the carrying of produce to the markets of the world. The comfortable, modern steamers of the Amazon River Navigation Company maintain a regular service for passengers, mails, freight, along these rivers, far into the heart of the continent; ocean steamers run from New York and Liverpool as far as Iquitos (Peru), 2,500 miles up-river.

Waiting for Development

THE forests of the Amazon contain an infinite variety of marketable commodities. Those that come more readily to mind include rubber, fibers, hundreds of species of timber, from those which resist water and would be suitable for ship-building, to others that become petrified when exposed to the action of water; hardwoods which would make excellent propeller blades for aeroplanes; cabinet woods of many beautiful colors; cedar, mahogany, angelim, massaranduba; woods that give a pulp suitable for paper manufacture; dye-woods; there are trees the bark of which contains tannin, dyes, chicle, turpentine, resins of many kinds, gums; kapok, or silk-cotton; balata; vegetable ivory nuts, from which buttons could be made; sarsaparilla, guarana, tonka beans, vanilla, etc.

In the forest undergrowth are found medicinal plants in endless variety. There are, literally, scores of varieties of trees and palms that have oil nuts in inexhaustible quantities. In the mineral areas scattered through the valley are to be found coal, iron, tin, gold, silver, platinum, lead, manganese, and other valuable metals. Mining is carried on in a small way, but there is no great mining industry. Twenty years ago, before the French ceded to Brazil the northern part of the state of Para, there were over 15,000 inhabitants in the Calcouene goldfields; today there are six people living there.

With millions of acres of fine grazing lands there is no cattle industry, except in one place, the island of Marajo, in the estuary of the Amazon, where there are estimated to be over 500,000 head. The export of hides from Marajo is quite an extensive industry. The average American knows little or nothing about Amazonia. To most of us who have read the tales of adventure of explorers of out-of-the-way rivers down there it is a more or less legendary region. To the average man the Amazon is the Amazon, and a story of exciting adventures with cannibals in the upper reaches of the Javary or Putumayo rivers, or of a daring descent of an unknown river, far from the beaten path of commerce, is a story of "Life in the Amazon Valley."

We do not stop to think that Amazonia is as large as the United States, and conditions vary there as they do here; yet we would think little of the intelligence of a Brazilian who formed opinions of contemporary life in our country from reading a tale of adventures along the Yukon in Alaska, or in the unhealthy everglades of Florida.

Before I went to the Amazon I had a definite idea of it as a broad, yellow, sluggish river flowing through low-lying land covered with impenetrable jungle, where there were giant snakes and man-eating alligators, and savage Indians armed with blow-pipes and poisoned arrows. I thought of the climate as hot and unhealthy. Since that time I have covered nearly 10,000 miles of those rivers with Henry S. Fleming, of New York, director of operations of the "Port of Para," and I can say that most of what we think in the United States about Amazonia is nonsense. The entire valley is not low-lying, it is not covered with forest everywhere, and I did not see a snake of any kind during the entire trip. There are millions of acres of grasslands suitable for agriculture and stock-raising. The climate in the greater part is mild, sunny and delightful. A case of sun-stroke has never been known in Amazonia; one never sees a sun helmet such as are worn in other tropical countries, the familiar straw hat being worn the year round. The average maximum temperature is slightly over 80° and the average minimum about 70°.

The Truth About the Floods

THE popular conception of the valley as being inundated each year when the rivers rise after the rainy season is wrong. There are large areas that are annually inundated, but there are much larger areas that are never flooded. All the important towns and cities are built on high ground above the level of the highest floods.

The past ten years have seen a remarkable change in conditions in the Amazon Valley. Even during the past five years what has happened is tantamount to an economic revolution. Those who knew the Amazon before this change will have to readjust many of their old ideas. A book written six years ago dealing with the business conditions of the valley would today be as out-of-date as something written fifty years ago of life in Kansas. The two main factors responsible for this change were the decline in the value of "Para" rubber and the world war.

With the advent of the automobile into popular use, rubber became an article of prime commercial importance. "Para" rubber used to have a virtual monopoly of the world's markets not many years ago. The Orient—Ceylon, Sumatra, Malaya, the Straits Settlements—is now shipping ten times as much "plantation" rubber as the Amazon is shipping the "wild" variety. It is a dramatic fact that the rubber industry of the Orient was started with seeds smuggled out of the Amazon in 1876 by an Englishman named Wickham. I doubt if Brazilians, in their hearts, have ever forgiven Wickham.

When rubber sold at \$2.50 a pound the

attention of land-owners, merchants, exporters and laborers was concentrated on the product which meant a quick and profitable turnover for a minimum expenditure of capital or effort. Millionaires flourished in Amazonia then; cities and towns sprang into being; beautiful theatres and public buildings, handsome residences were built in Belem and Manaos, and labor flocked from other parts of Brazil bent on "getting-rich-quick." With the high wages paid rubber gatherers no other industry could compete, and there was no labor available for less spectacular work, such as agriculture. Cocoa growing, an important industry of the valley for over a century, was practically abandoned. Today, however, these plantations are being reopened. As agriculture was neglected, all the foodstuffs for the workers had to be imported, which sent up the cost of living to unheard-of levels, and incidentally added to the cost of producing rubber.

Forced to Raise Food

THEN came the European war, and there were no ships available to carry food to the Amazon. It became necessary to raise food locally or starve and the change wrought by the magic of necessity has been remarkable. Today Amazonia is feeding itself.

Amazonia stands on the threshold of a new day. The eyes of Brazilians of intelligence are no longer dazzled by the auriferous stream which flowed from the bark of the "Hevea Brasiliensis," in Belem, Manaos, Iquitos, business men no longer think only in terms of the market price of rubber. Rubber will always be an export of prime importance, but it will never again be the only one.

In Belem the Commercial Association has been organized and has opened a Commercial Museum, which will contain a permanent exhibit of Amazon products, particularly those of the state of Para. In the museum there is a laboratory where analyses and experiments will be made of the less-known mineral and forest products with a view to ascertaining the commercial possibilities. Along the same lines is working the Industrial Department of the "Port of Para," which is an American company. It owns the modern docks and warehouses, dry-docks, shipyard, dredgers, and all the shipping facilities of the port. The Industrial Department will be conducted along the same lines as similar departments maintained by the railroads in our own country. The data collected will be placed at the disposal of American and European manufacturers, exporters, importers, investors and others interested in the development possibilities of Amazonia.

Cotton, sugar, tobacco, rice, corn, beans, cocoa are some of the agricultural products that will figure largely in the future exports of Amazonia. Cotton has already assumed considerable importance in certain sections.

Sugar cane is grown throughout the valley. Most of it is now used in the manufacture of a native rum. The only effort to manufacture sugar we found in Peru. The figures I got as to the length of time it takes the

ments for the establishment of new industries, including exemption from taxation, or the guaranteeing of a certain percentage of return on the capital invested. During 1919 charters were granted by the state of Para for the establishment of factories for the manufacture of such articles as rubber goods, hammocks and thread, salt and its products, vegetable oils from forest nuts, buttons from vegetable ivory, ropes and cordage from fibers, paper from wood pulp, etc. Concessions have been granted for the building of various short lines of railroad, and for motor roads to open up the land back of the rivers in the interior of the state.

An Italian colony is to be established near Belem in connection with a vegetable oil factory which is being built by an Italian syndicate, and it is said that direct steamer service from Italy to the Amazon will shortly be initiated to take care of this immigration. All this means a demand for machinery, equipment, supplies of all kinds.

Few Americans There

THE total number of Americans in the Amazon valley is quite insignificant. Yet Brazilians are expectant of more help from the United States than from any other nation.

In the matter of shipping connections between the Amazon and the markets of the world there have been many interesting recent developments. Before the outbreak of the war the Booth Line, of Liverpool, had a virtual monopoly of the carrying trade. The Germans had been gradually securing a foothold in the few years immediately preceding the outbreak of hostilities, and had initiated a

direct service from Bremen to Iquitos, 2,500 miles up-river, but their activities ended, of course, in 1914. Since the armistice in addition to the Booth Line, there are three other British companies running steamers to the Amazon—the Lamport & Holt, Prince, and Royal Mail. Now comes the news that the American flag is to be seen on the Amazon in future. The United States Shipping Board has allocated to an American company enough freight steamers to maintain a regular, direct, service between New York and Belem. This is good news for those interested in the development of Amazonia.

Another recent news item of the greatest importance was the announcement that direct cable communications between the United States and Brazil would be in existence before long. With direct steamer and telegraphic connections between the United States and the Amazon, American participation in the development of the natural resources of that immensely rich valley will be greatly facilitated. There may have been mistakes in the past; mistakes are but natural. Now, however, the United States is taking up in earnest the task of securing and maintaining a fair share of the trade of South America; and our foreign trade is being built on solid foundations.



According to the pictures in the geographies that most of us studied, this sort of scene was typical of the Amazon country.

cane to grow are so remarkable that I do not care to quote them without a definite investigation, and the number of cuttings that are made before the field has to be cleared and fresh stalks planted is equally surprising.

The productivity of the soil of the valley is little short of amazing.

Alcohol can be extracted from the root of the mandioca. British engineers already are investigating the commercial possibilities of this. Tobacco is grown in many parts of the state of Para. It is of fine quality. There are no agricultural implements or modern agricultural machinery anywhere in the valley. A motor tractor would be regarded with as much curiosity as a balloon. I read several articles in the local newspapers and official organs of landowners' associations urging the importance of introducing modern machinery and methods, and especially the necessity of attracting to the valley foreigners with technical experience in tropical agriculture to teach the farmers the most modern methods of cultivation.

While there are many factories of various kinds in Belem, Manaos, Iquitos and other towns, the industrial life of the valley is still in extreme infancy. The state government of Para and Amazonia offer attractive induc-

Business and Human Beings

Some more observations from the pen of a business writer who has developed a field of his own through the study and analysis of the personal side of commerce and industry

By FRED C. KELLY

MOST of the involved explanations we see in print about why one business man is a great success and another a failure are pure humbug. One man succeeds, while another fails, largely because of superior ability, or greater opportunity, or a happy combination of the two; and that is about all there is to it.

In a score of ways we may note how seriously people take that which is successful. Let a theater put up a sign that tickets are to be had only for performances three weeks in advance and the crowd will form in line for two blocks trying to reach the box-office.

A restaurant man hit on the scheme of never having quite enough tables to take care of his crowd. At a season of the year when the crowds were larger, he added more tables, but never quite enough—so that a few people always had to stand a little while before obtaining seats. In this way, customers got the impression that they were in on something especially good, because it appeared that the demand exceeded the supply.



When a business man gets the idea into his head that his concern is too well known to need any further advertising, he should take a look at the churches. Nearly every successful church, at great expense, maintains a steeple. Why the steeple? Because it is a sort of trade-mark, an accepted form of outdoor advertising. You can't look at a church without knowing what it is. Everybody knows the church is there and what it is for, but it keeps right on with its open-air advertising. And, moreover, it rings its bell every Sunday.

As a city grows, the percentage of persons who have always lived there becomes smaller and smaller. Likewise, the proportion of those who have lived there even ten or fifteen years. The prosperous merchant whose egotism might make him say: "Oh, everybody knows us—they've known us for forty years," should think about this constant change in a city's population. People come and go. Even those who stay have their own affairs to think about. They are not going to carry the name of a great business house long in mind—unless they're reminded of it now and then.

Many business institutions use high-sounding terms where simpler terms would be more natural and more convenient. Consider the number of men who bear the title of "Purchasing Agent." Why not just plain Buyer?

The man who is called a Purchasing Agent is willing to work for less salary than if he were called merely a Buyer. He takes part of his reward in the satisfaction of being something which sounds so important as Purchasing Agent. Paying a man in title rather than in money may be a saving, but it is silly—because not fundamentally sound. It is a form of buncombe.

I knew a young bookkeeper who came home one night and told his wife he was no longer a mere bookkeeper but had that day been made his firm's auditor general. He did not stop to explain that his duties remained exactly the same, and that his salary would be increased only \$10 a month. And his wife did not need to hear any more. She determined right on the spot that if her husband was an auditor general, she was going to live up to it. The next morning, she drew most of their savings out of the bank and bought herself an expensive set of furs, that she had formerly regarded as entirely beyond her station in life. When I last heard of them they were flat broke, but struggling hard to live up to his "position."

Imagination is good, but a clever stroke of it must be followed through. A furniture dealer found that ordinary window displays failed to attract big crowds. So he used his furniture as a window background and made the feature of his display a half-dozen cute little live raccoons. These attracted a big crowd all day long. But what the man overlooked was this: The crowd was composed largely of small boys, and they blocked the space in front of the window so effectively that anybody who might have been interested in buying furniture would have had difficulty getting into the store.

Everybody believes in some form or other of life insurance and wants it, and, yet, life insurance agents—with the possible exception of book agents—have long been regarded as the greatest living nuisances—simply because many of them have persisted in trying to sell insurance when the prospect was not in the mood.



Whether in farming, or manufacturing, or any other line of business, we find that nature seems to abhor that which provides too easy rewards. Theoretically, nothing would be nicer than to own a big apple orchard. All you have to do is to pick your apples off the trees, take them to market and reap your reward. That, I say, is the way it goes in theory. In reality, each apple tree is more

care than a Ford. What with trimming, and spraying, and mulching, and picking, and packing, and contending with poor crop years, and one thing and another, to make a tree profitable is no task for a man of too sedentary a disposition. One must actually toil for his reward.

So it is in investment. If a man comes to me with a plan to manufacture a new-fangled typewriter or improved computing machine, and wants me to invest in it, I am not enthusiastic. He says it is so far in advance of other machines in use that it will sell itself. Maybe so, but I'm suspicious. The chances are that if it is so good as all that, other manufacturers will have to fight it in self-defense, and there will be patent infringement suits, rival advertising campaigns to compete with, and what not. In the long run, a plain, staple, every-day commodity, with lots of hard work in the making and marketing of it, is as good a money-making article as any. A brickyard, honestly and intelligently conducted, can usually be made to pay.



A few business concerns are so insistent on strict reliability that they will not tolerate any form of fake in certain phases that might not be any of the customers' affair. One famous department store will not employ saleswomen with artificially-colored hair. The theory is that spurious hair on the saleswoman might somehow suggest that the goods she sells may not be exactly as represented.

When a man becomes a success, nearly everything he does is picked up as a possible reason for his success—just as before he arrived, most of his habits or practices were regarded as the reasons why he got nowhere. Not long ago, I sat at a baseball game, next to a man, who is quietly making \$50,000 a year—making it in a snug little enterprise of his own devising, without any fuss or commotion.

"This time last year," he remarked, "I wouldn't have dared take an afternoon off and go to a ball game."

"Because," he went on to explain, "at that time my business didn't amount to much. I wasn't known in the community as a man who is making lots of money. So, if business acquaintances saw me at a ball game, they would say: 'No wonder he doesn't amount to anything. He takes too much time away from the office for pleasure.' But now, do you know what they are saying? 'There's a smart fellow. He takes lots of recreation in order to keep himself in good fettle. That's why he is so successful.'"

Mr. Selfridge of Oxford Street

The tale of an American merchant who ended a vacation by furnishing London with a store that exemplifies the dignity and imagination of modern commerce

By THOMAS H. UZZELL

NAPOLEON it was who said that England is only a nation of shopkeepers. H. Gordon Selfridge, of Jackson, Michigan, it is who says that the shopkeepers of England shall help glorify the earth.

Our school books and our travel literature beguile us into a desire to flee the "crude materialism of business America" and wander soulfully among the ruins, tombs and ancient memories of Europe. The life of H. Gordon Selfridge now provides another romance in Europe—a romance of American merchandising, European edition.

Eleven years ago Mr. Selfridge sold out his interest in Marshall Field & Co., of Chicago, resigned from his position of managing partner of the retail portion of that business, and took his family with him to Europe on a vacation. For perhaps the twentieth time he visited the grandeur that was Rome, the beauty that is Paris, without, however, finding a final real inspiration until he crossed the Channel and stood again before a row of small, old-fashioned shops in London.

Up to this point Mr. Selfridge had no fixed plans for the future. He had a million dollars in the bank. He was forty-four years old. He owned two beautiful homes, in Chicago and at Lake Geneva. He might have retired with the comforts of peace and plenty, but instead he faced that row of second-class English shops on the second-class end of a London street and said to himself:

"A great store worthy of the greatness of London is needed on this block. I will build it."

An Anglo-American Monument

MR. SELFRIDGE'S vacation was over. A decade of strenuous effort began. The history of "Selfridge's" in that decade is well known on both sides of the Atlantic. It is a history remarkable not so much because Mr. Selfridge put Oxford street on the map of London, made American merchandising methods serve conservative English needs, and erected the greatest Anglo-American monument in the British metropolis, but because he has added to the dignity of modern trade.

Mr. Selfridge is this year doubling the size of his already large department store—"distributing house," they call it over there; he now has a score of other stores distributed throughout the United Kingdom; his buyers are seeking goods in all corners of the world; he has already begun to manufacture articles to place on his counters—and yet more significant than these swift developments, is the spirit in which he does them.

"When I die," said Mr. Selfridge to me, "I want it said of me, 'He dignified and ennobled business.'"

We were seated before a blazing fire of huge logs in the vast fireplace in Highcliffe Castle, Mr. Selfridge's home on the south coast. Winter winds and rain without beat upon the massive gray walls and towers. Within, we comfortably philosophized about business, in the great book-lined library full

of the memories of the kings and princes who had lived in Highcliffe or had visited it in years gone by.

"The physical problems I have had to solve," continued my host, reaching over to pat his prize pug-dog, snoring on the warm hearth-rug, "have at times been difficult enough, but the greatest struggle has been to have to live down the popular disrespect today for the shopkeeper. This feeling exists in a small way in parts of the United States, but in England it is more pronounced.

"In England the 'draper' is recognized as a business necessity; people must have goods to make clothes of; but the draper's profits are considered the only reward necessary for his sordid labors. That, providing things which are most necessary and useful, may be a beautiful and dignified employment—few drapers realize this truth; civilized people everywhere have yet to be taught its great significance."

Who Are His Heroes?

MR. SELFRIDGE has his heroes. They are not kings or enthroned potentates born to personify the political majesty of states: his heroes are the great traders, from the Phoenicians on, the men who piled with exotic riches the quays and market-places of Tyre and Sidon, Antioch and Ephesus, Venice and Florence, Hamburg and Amsterdam. His library is full of monographs on trade. Among his treasures are a couple of hundred ledgers and day books in antique bindings, archives of the House of Medici from 1377 to 1790. He is himself the author of a solitary book, "The Romance of Commerce."

To reunite art and trade—that is Mr. Selfridge's greatest ambition. Because, in medieval times, before the appearance of smoking factories and locomotives and roaring machinery, there existed merchant adventurers with princely visions of trade, laborers who were craftsmen and artists, and customers who honored the combined work of their hands and brains, Mr. Selfridge turns to the great deeds of those days and asks himself: "Why cannot such things be done again?"

The Hanseatic traders by their business service brought civilization to barbarous northern Europe. Fugger, the great trader of Augsburg, who helped Charles V buy the Holy Roman Empire and the throne of Charlemagne, laid much of the vastly useful commercial and banking foundation of modern business. The Frenchman, Jacques Coeur, founder of the trade between France and the Levant, dealt in the most beautiful skins, jewels, silks, woolen textiles, and left one of the finest specimens of Gothic architecture in France.

The secret of the achievements of these men, Mr. Selfridge believes, was due to the fact that they could deal in the most common articles of trade and yet be daring and imaginative dreamers. Because Mr. Selfridge himself sells shoes, ribbons, dishes, gas stoves and ice cream sodas with daring and imagination, he has been described as a "middle-man with a stripe of genius." Com-

ing down Oxford street, a-top a bus, you will know when you reach his store without having to be told. But to Mr. Selfridge this is not enough. Selfridge's should be more than merely conspicuous or attractive. "English laws will not allow me to build my store any higher," says Mr. Selfridge, "but the London authorities have given me permission to erect a tower on top of it. I would like my building itself to be a landmark of beauty."

Everywhere and always Mr. Selfridge strives to discover more possibilities of beauty in everything that he touches. He owns and operates a factory which makes stockings for his stores. As if to make up for the lack of artistic possibilities in this work, he hopes soon to establish a little colony of craftsmen in gold and silver at Christchurch, near his great house on the Channel, and in their shops rare and delicate bits of art are to be turned out in the manner of the great Cellini. His dream of commerce to begin in this little colony of workers, he would now bring true and commemorate on the grand scale in the crowded, hustling aisles of his big shopping forum in Oxford street.

What Business Really Is

IF I SAID no more than this, you, who read this, might conclude that Mr. Selfridge is just another business man like all the others except for certain romantic, medieval fancies which serve well as hobbies, but which can never find practical exemplification in our present immensely realistic world of war shortages, high prices and labor strikes. "Business is business," you say, whether it be within the Chicago "Loop" or on Oxford street, London. But Mr. Selfridge's achievements belie your inference.

"Business is public service," says this American merchant of London, and though his art inspiration may be medieval and his executive organization autocratic in pattern, you will find by beholding results that they are democratic, and that they aim to produce social benefits of the highest order. Limits of beauty there may be to the architecture of his store and to the purely utilitarian goods he sells, but there is no limit to the beauty or civic splendor with which his store strives to function in the service of his fellow men. If a merchant serves you with skill equal to that of a physician or a judge, why should he not be equally honored?

Mr. Selfridge's merchandising policy is to sell what the people want to buy and at fair prices. Competition not only does not worry him—he welcomes it; he believes that competition is the public's surest safeguard, that it is a challenge to each merchant to strive for maximum public approval and to fail to do so at his peril. He abominates the small trickeries of shave-penny dealers.

Once I came upon Mr. Selfridge, sitting in his library, deeply absorbed in reading a volume on "Skilled Labor 17— to 18—" (I forget the exact dates). "Good gracious," he exclaimed, looking up, "no wonder labor struck in those days!" He was seeking the

historic backgrounds of the labor question in order that he might fully appreciate all the implications of the social responsibilities of Selfridge's of Oxford street.

"Have you any unions in your store?" I asked him.

"No," he replied. "We don't need them. We can do more for our members than any union can. Our workers are organized, to be sure, but within the store only. They have a self-elected council which formulates rules for their conduct and manages their welfare activities. I retain a right of veto over their decisions, but I have never yet had occasion to use it."

Trouble was begun once among Mr. Selfridge's truck drivers. He discovered that the drivers were joining the union because the union paid the drivers' fines for improper driving. Criticizing the fact that this information had not been brought to him before, he immediately set aside a fund of \$10,000, the interest on which was used for paying any imposed police fines, and the balance was distributed among the drivers at the end of the year. That ended the necessity of any interference of the unions.

The ordinary operations of buying, selling, managing, at Selfridge's are much like those of any other merchant standing in the forefront of progress. You might visit the place without noting anything especially grandiose or "romantic." The romance lies (let me make this clear) in Mr. Selfridge's conception of his job, and his beginnings in carrying out his dreams. Most enlightened merchants today fulfill their responsibility to their employees, many of them patriotically observe their obligations to society as a whole, but to Mr. Selfridge his store is society itself.

Mr. Selfridge does not disregard pounds, shillings, pence: they are necessary items in the complete, evolving cosmos, which is the store, its workers and customers. The main object of the store is not to provide drygoods for civilization, but to be civilization itself. Thus you find within the store class-rooms where are taught not only salesmanship, but cooking, dancing, languages, and the "humanities" that grace the art of living. The store has its own newspaper (with Reuter's international news service), its magazine, its debating clubs, its receptions, its movie shows, its theater. As to a church I am uncertain; but if you asked Mr. Selfridge about it, he would doubtless reply that the staff had it under consideration.

I once asked Mr. Selfridge about the price of a certain textile. He replied: "I know nothing about such things; I have good men paid to carry such information in their heads." He himself sits in his office on the top floor of his

store and gives his thought to carrying out his dream of making his store the most popular, because the most useful, marketplace in London.

When I was in London last winter Mr. Selfridge had just opened a Department of Universal Information. "I often want information and want it quickly," he said; "my customers must have the same need." He carefully selected five young women and installed them with a library, telephones, telegraph, cable, all located next to the customers' correspondence room. "Go try them," he suggested; "ask them anything you wish."

I did so. I propounded these questions: What is the birthday of the King of Siam?

What weather is promised for Hoylake Golf Club, Liverpool, two days hence?

How fast does a duck fly?

The answers were on the counter before

Not so Mr. Selfridge. He assumes that everything about his house of business is of interest to everyone. "Callisthenes," the famous scribe of the house, accordingly, in each of the leading London evening newspapers, provides a daily column of chatty shop-talk. The last one I remember reading told me how the charwomen scrub the floors after hours and what they say to each other while they are at their work!

Although Mr. Selfridge has written the romance of the lives of many merchants, the book of the tragedies of his own struggle he will probably never pen, though I have seen his eyes grow weary at thought of some of them. He prefers now to give himself up to "the fun of work." England provides the setting he desires for his romance of modern merchandising. He is a sincere admirer of the British people, and, though he has kept his American citizenship, he likes the atmosphere and characteristics of this thousand-year-old people. He has learned all their ways but one—afternoon tea! That, he says, he has not yet learned.

Mr. Selfridge's aggressiveness in the use of new methods in conservative England will seem amazing to many Americans. Ask Mr. Selfridge how he does it, and he says with a smile: "You remember the fable of the old man and his coat? The wind, blow as hard as it would could not remove the coat; the sun gently warmed the wearer until he was glad to take it off of his own accord."

One of Mr. Selfridge's as yet unfulfilled ambitions is to own a newspaper. "I sometimes feel that I am half merchant, half journalist," he told me. When his paper is issued, who knows—perhaps we shall see advertising become what it should be, the most stirring news of the day.

That achieved, I should not be surprised to find Mr. Selfridge yearning to be a teacher. "Once my son, returning home on a visit from Winchester School," he told me, "brought with him four college companions. They were as fine a lot of young men as you'd find anywhere. I asked them what they intended to do when they left college. One answered the India Office, another the Egyptian service, the third farming, the fourth hadn't made up his mind. Not one interested in that greatest field of all—business! It's the fault of the schools. What are these teachers up to anyhow?"

Mr. Selfridge has never stopped educating himself. He reads scores of newspapers, magazines, books, visits with his competitors, whose friendship he prizes,

and takes in all that is going on in the world, then—goes his own way. He has courage and confidence. Londoners wonder at him, at times frown upon his American methods but they also crowd his doors.



From The Outlook, London.

Edmund Dulac's idea of Mr. Selfridge. The merchant is shown talking to the women of London through his mouthpiece, Callisthenes. This name is signed to unusual advertisements that appear daily. Mr. Selfridge explains that Callisthenes was the original press agent, the historian of Alexander. Glowing accounts of the soldier's exploits appeared until the two fell in love with the same girl in India. Alexander won the girl, but the press agent immediately avenged himself by changing the tone of his reports.

I saw how the thing had been accomplished!

The Selfridge method of advertising is typical. Formerly British traders announced their goods and prices, certain that this was all that the public cared to know about them.

The Figures of Mr. McAdoo

The former Director General blames the railroad deficit on the "waste and inefficiency" of private operation; here is an answer by a transportation expert

By SAMUEL O. DUNN

Editor *Railway Age*

GOVERNMENT operation of the railways for twenty-six months resulted in a vast increase in operating expenses and in a large deficit which the taxpayers have had to pay. This caused many of the criticisms of government operation which created the public sentiment that caused the railways to be returned to private operation March 1.

During the first six months of private operation, in turn, there was an increase of expenses, and a large deficit which the taxpayers must pay. Defenders of government operation and advocates of the Plumb plan are seeking to use these facts to throw confusion into the ranks of those who favor private management, and to create public sentiment against it. They have said that this deficit was vastly larger in proportion than that incurred under government operation. They have tried to create the impression that private operation thus far has been less efficient and more costly than continued unified government operation would have been.

Probably the best example of these attacks on private operation and on the Transportation Act, is afforded by the address delivered by W. G. McAdoo, former Director General of Railroads, at Indianapolis October 16. The Transportation Act guaranteed to the railway companies for the six months from March 1 to September 1 substantially the same return it had guaranteed to them under government operation. The deficit incurred under private operation during these six months was estimated by Mr. McAdoo at \$634,000,000. He characterized this as a "princely gift" to the railroad bondholders and stockholders and denounced it as "indefensible" and "made without any consideration whatever for the public." He charged that under private operation the railways have been inefficiently and wastefully operated and implied that the deficit was due to this. He denounced the recent advances in rates, in terms implying that if necessary at all they were made necessary by the inefficiency and waste he attributed to private operation.

There Was a Deficit, All Right

UNFORTUNATELY, it is true that a large deficit was incurred in the first six months of private operation. No one knows yet just how much. Probably the estimate of \$634,000,000 is not far wrong. I shall try to show why this deficit was unavoidable and why even a larger one probably would have been incurred if government operation had been continued; I shall present too some facts bearing upon Mr. McAdoo's contention that unified government operations was more efficient than private operation.

Most of the deficit incurred in the first six



months of private operation was due to the enormous increase in operating expenses which occurred under government operation, and to other large increases impending when government operation was terminated.

It is especially important in judging of the operating expenses and the deficit incurred in the first six months of private operation to recall what occurred in the last six months of government operation. In August, 1919, the operating expenses of the railways were \$359,270,000, or \$11,590,000 a day. This was much larger than they ever had been under private operation, but, nevertheless, they constantly and rapidly increased until in February, 1920, the last month of government control, they had become \$415,003,000, or \$14,310,000 a day. The director general of railroads repeatedly was urged to advance the rates, but refused. In consequence, the net operating income earned rapidly declined, and the deficit incurred as rapidly increased right down to the last day of government control. The following figures for net operating income earned in the last seven months of government control show how fast it disappeared:

August.....	\$92,396,636
September.....	77,763,023
October.....	76,397,213
November.....	21,966,992
December.....	12,781,342
January (Omitting \$50,000,- 000 back mail pay).....	14,147,547
February (Operating deficit).....	12,217,639

In other words, in the last six months of government control, while the operating expenses of the railways increased from \$11,590,000 a day to \$14,310,000 a day, the highest point ever reached up to that time, the net operating income declined from \$3,000,000 a day to \$410,000 a day less than nothing at all. In August the railroads earned \$5,500,000 more than the standard return guaranteed to the companies. This was the last month in which they earned the standard return. In September they failed to earn it by \$13,000,000, or about \$433,000 a day. In January and February they failed to earn it at the rate of \$1,720,000 a day, and in February alone, the last month of government control, the deficit ran at the rate of \$2,094,000 a day.

The decline in net operating income and the increase in deficit during the last six months of government control was not due to a decline of business or of total earnings. The traffic handled and the total earnings in those six months were larger than in any previous half-year in history. The reason was that operating expenses increased. There were several causes, including advances in the prices of materials and

fuel. It would have been necessary under private operation, as it was under government operation, to have increased wages. But, whatever the increases in expenses were due to, it must be borne in mind that all the tendencies set in motion and all the policies adopted which affected expenses were producing their maximum effect when government operation was terminated and private operation was resumed. How true this is, is indicated by the fact that while in August, 1919, the railways earned \$5,500,000 more than the standard guaranteed return, in the next six months of government operation they incurred a deficit of \$256,000,000.

The Facts in the Case

MR. McADOO, in his address, implies that the large losses incurred under government operation in 1919 were partly due to the coal strike in November and December. As a matter of fact, the total earnings of the railways even in those two months were larger than in the same two months of any previous year. But even in January and February, 1920, the last two months of government operation when the coal strike was past, total earnings made were the largest ever made in any January and February. Since right up to the termination of federal control the increases in total earnings and expenses were going on and the net operating income earned was continuing to decline, it is entirely fair to assume that if government operation had been continued to September 1, and no advances in rates or large increases of ex-

penses had been made, the deficit incurred in the six months from March 1 to September would have been relatively as large as it was in January and February.

The government's guarantees for January and February, based on the net operating income actually earned by the companies in the three test years, were \$104,551,000. The government in these two months earned only 1.84 per cent of the guarantees, or \$1,930,500. The government's guarantees from March 1 to September 1, if government operation had been continued, would have been \$457,676,000. If under government operation only 1.84 per cent of this had been earned, the deficit for the six months would have been about \$450,000,000.

This calculation is based on several assumptions, one that operating conditions would have continued relatively as favorable as in January and February. But within a month after the railways were returned to private operation there began a series of "outlaw" strikes, chiefly due to the fact that there was left unsettled an important wage controversy. Reports of Mr. McAdoo's Indianapolis address contain a reference to the coal strike but none regarding the outlaw railway strikes, which caused a reduction of at least \$60,000,000 in earnings in April, and prevented probable increases in earnings in May. It has been estimated, I believe conservatively, that these strikes added \$200,000,000 to the deficit of the first six months of private operation. There is apparently no reason for assuming that the strikes would not have taken place if government operation had been continued.

Something Else He Overlooked

THERE was another important development under private operation of which the reports of Mr. McAdoo's Indianapolis address contained no mention. This is, that in July the Railroad Wage Board rendered an award granting railway employees an increase of \$52,000,000 a month in wages retroactive to May 1. For the four months from May to September 1 this award added approximately \$208,000,000 to the operating expenses of the railways and to the deficit. Would this item of increased expenses have been avoided if government control had been continued? Hardly, I think.

As I already have indicated, if the government had continued to operate the railways and all other conditions had remained relatively the same as in January and February, its deficit during the six months ending September 1 would have been about \$450,000,000. If it had had to pay the increased wages that have had to be paid under private control, its deficit would have been increased to at least \$650,000,000. If it had had to fight the switchmen's strike, its deficit probably would have been \$800,000,000, or perhaps even more.

In the first two months of this year, when all conditions were favorable to making a good showing, the railways under government operation earned only 1.84 per cent of the government guarantees. If they had earned only that percentage of the government guarantees for a year the deficit would have been \$890,000,000.

Add to this the advance of \$625,000,000 a year in wages and you have an estimated annual deficit of \$1,514,000,000. Add to this, also the increase at the rate of \$150,000,000 a year which the railways have to pay for fuel, and you have \$1,664,000,000. Even this large estimate takes no account of the possibility of outlaw strikes occurring under government operation, as they actually did under private operation, and producing effects such

as they actually did produce in the first six months of private operation.

There is still another important matter which must be considered in relation to the large deficit incurred in the first six months of private operation. The government returned the railways in a greatly deteriorated physical condition. It had not laid anywhere near as many new ties and rails in tracks, or bought anywhere near as many new cars or locomotives, or kept the locomotives and cars in anywhere near as good repair as had been done under private operation. The railway companies felt it to be their duty to their security owners to restore the properties to a normal condition as rapidly as possible. They therefore spent \$103,000,000 more for maintenance of way and structures, and \$132,000,000 more for maintenance of equipment, a total of \$235,000,000, than was spent during the same months of 1919. It must be assumed that if government operation had been continued, and the government had done as much to rehabilitate the properties as the companies did, its deficit would have been affected to this same extent.

That "Princely Gift"

THE "princely gift," which Mr. McAdoo says the Transportation Act gave to the railroad bond holders and stockholders, was the very same amount that was guaranteed to them under the Government Control law, of which he himself was the principal advocate.

The really pertinent question is not why increases in expenses under private operation were as large as they were, but why they were not larger. Mr. McAdoo's contention is that unified government operation was much more efficient and economical than private operation, either before or since government control. He asserted that "the use of all cars on all railroads under single direction under federal control had increased the freight carrying ability of the cars by 15 per cent, producing the equivalent of 300,000 new cars without the cost of a penny." The statistics of the Railroad Administration itself refute this claim.

When the government began operating the railroads, at the beginning of 1918, they had 57,110 more cars in service than they had a year before. Nevertheless, the number of tons of freight moved one mile in 1918, under government operation, according to the reports of the Railroad Administration, was only 1.8 per cent more than it was in 1917, under private operation. Under unified government control the amount of freight service rendered with each car actually was reduced instead of being increased.

Mr. McAdoo states that the freight cars were so efficiently handled in 1918 that there was an actual car surplus in the crop movement season. I challenge the statement.

The official records show that at no time in the year 1918 was there a car surplus. Mr. McAdoo referred to this alleged "actual car surplus in 1918 in contrast with the shortage placed at 142,349 cars on September 1 of this year." The facts are, that when the railways were returned to private operation on March 1 transportation conditions were extremely bad. The accumulation of loaded cars at various terminals awaiting movement amounted to almost 100,000 and the car shortage reported was 88,000. In March, the first month of private operation, more freight was moved than ever before in that month. Then began the switchmen's strikes. In July, however, the efficiency of operation had been so increased that the amount of freight handled was larger than in any previous July in history, representing an increase in the efficiency of utilization of freight equipment of over 15 per cent.

The railways have, since June, handled in every month more freight than ever was handled in the corresponding month of any previous year. At the time when Mr. McAdoo made his address statistics were available showing that, owing to the increase in railroad efficiency, the car shortage had been reduced to 80,000 cars, although more freight was being handled than ever before, and the accumulation of loaded cars awaiting movement had been reduced to 41,200, one of the lowest figures reached since this country entered the war. Most of these cars were held at ports awaiting ships. These increases of efficiency have been continued up to the present time, and on October 22, with the largest business ever moved being handled, the car shortage had been reduced to 69,000.

These increases in operating efficiency not only enabled the railways to handle more business but to handle it more economically. Mr. McAdoo criticizes the recent advances in rates as excessive and unjust. When government operation was adopted the railways were earning *net operating income* at the rate of \$975,000,000 a year and yet within five months expenses had increased so much that Director General McAdoo made advances in freight and passenger rates amount to \$1,200,000,000 a year. When the railways were returned to private operation on March 1 they were incurring a deficit at the rate of about \$890,000,000 a year and there was impending an advance in wages of \$625,000,000 a year and yet the advances in rates granted by the Interstate Commerce Commission amounted to only about \$1,550,000,000 a year.

It's Up to the Roads

THE increased earnings that will be yielded by the advanced rates are substantially less than the smallest estimate that can reasonably be made as to the deficit in prospect if government operations had been continued. If the railways are to earn as much net operating income as the Interstate Commerce Commission estimated that they needed, they will have to be operated much more economically than it can reasonably be assumed that they would have been under government control. The Commission estimated that they need an annual return of 6 per cent upon a valuation of \$18,900,000,000 or \$1,134,000,000. This is only a little more than the net operating income they actually earned in 1916 and 1917, in spite of the increase in the investment made since then and in spite of the increase in interest rates and the decline in the purchasing power of the dollar.

A word should be said regarding the claim of defenders of government control that during the twenty-six months it was in effect the government lost only \$904,000,000. This was the total deficit as estimated by Director General Hines. The House Committee on Appropriations to which it was submitted rejected the estimate, pointing out that he had not included \$60,000,000 for interest on government funds used, or \$25,000,000 which must be paid to short-line railroads, or \$250,000,000 because of shrinkage in the value of government bonds and railroad securities which the Railroad Administration had bought. The House Committee on Appropriations estimated that when these and other proper items had been included, "the total loss to the government chargeable to federal control and operation of railroads would amount to \$1,375,000,000."

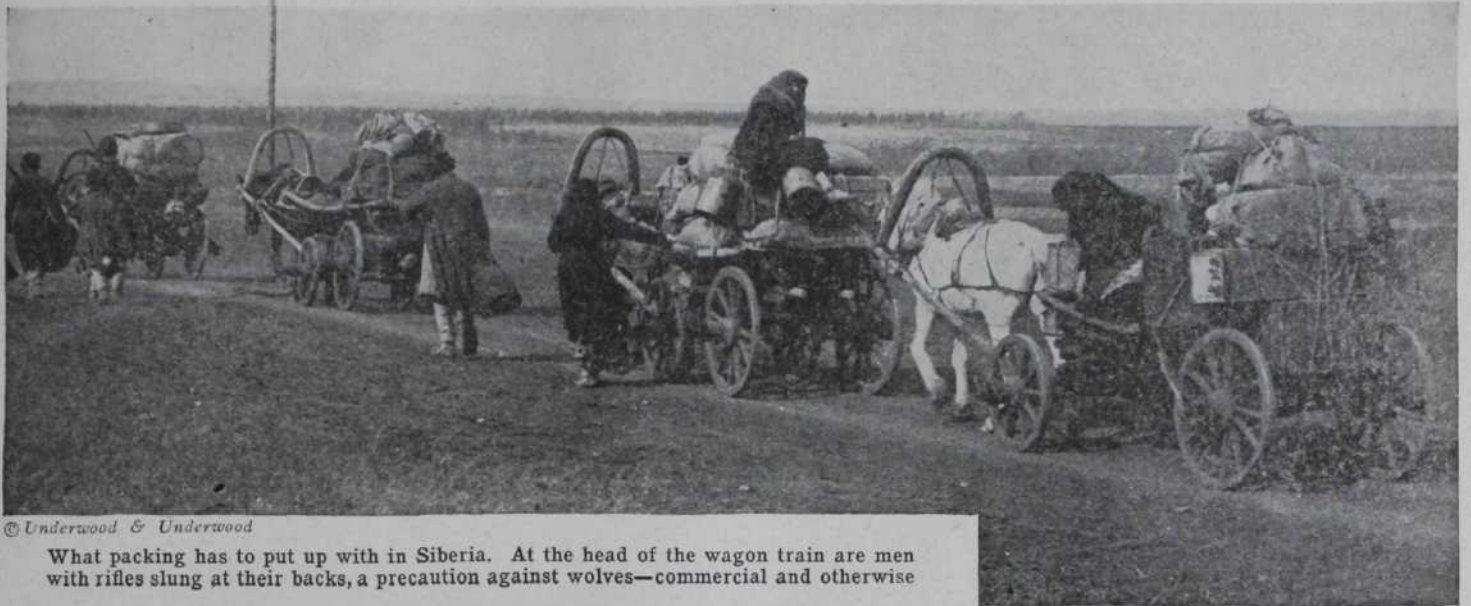
The House Committee on Appropriations which had to devise the means for meeting the losses probably was as competent a witness and less prejudiced than the Director General of Railroads.

Cutting the Cost of Bad Packing

Americans have made decided progress in the difficult art of packing through the common-sense rule of suiting the burden to the carrier, whether ocean liner or Andean mule

By E. W. DAVIDSON

Of the General Electric Company



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What packing has to put up with in Siberia. At the head of the wagon train are men with rifles slung at their backs, a precaution against wolves—commercial and otherwise

A GENERATION ago ambitious traders of other countries conscientiously made the world think that Americans were bad packers who didn't give a tinker's dam whether American goods arrived safely at the ends of their destinations or not. The result was this country suffered a national black eye. Today the discoloration is passing. Americans have waked up. We could not remain indifferent to our own breakage losses—estimated at \$500,000 a day by the United States Forest Products Laboratory—and our tremendous new effort to win foreign trade has made us more considerate of what the world thinks of us.

When it is realized that the packing and crating business of this nation used up about one-eighth of all the timber cut in the United States last year we begin to realize what a factor boxing and crating is in our national business. It took 4,500,000,000 board feet in 1918, which is five times as much as was used by all American furniture makers and 25 times as much as the shipbuilders. It used practically every kind of wood from yellow pine, white pine and Douglas fir, the three leaders, down through gum, poplar, birch, maple, hickory and the rest to 524,000 feet of cucumber (of the magnolia, not the vegetable variety), 170,000 feet of cherry, 13,000 feet of mahogany and 3,500 feet of yucca.

When a single American company spends \$14,000,000 for wood to be used in packing and crating only, not to mention the cost of the millions of nails, the 700 miles of iron strap, 20,000,000 square feet of wrapping paper, water-proof cloth, together with screening, string, screws, anti-rust compound and all the other material necessary to proper packing of goods for shipment, it is evident that packing is a subject that American industry must study closely for flaws and waste.

The fact that many a manufacturer is doing so is evidenced by the number of organizations

which have adopted standard sizes and shapes of boxes, standard ways of putting goods into those boxes so that the centers of gravity shall be so located that the box will "handle" with the greatest ease and ride with the least danger to the contents.

Nowadays a box isn't just a box. It is a carefully designed container, over whose corner construction and relative strength of pieces and spacings between nails, some engineer has labored long. The laboratory idea in box testing is fostered by the United States Forest Products Laboratory at Madison, Wis., where annually thousands of boxes and cases full of goods are strained and squeezed and dropped and tumbled mercilessly in huge "squirrel cage" testing drums so that experts can watch them slowly go to smash, noting exactly how and why and where.

Wasting to Save

DOES it seem idle and expensive play to wreck hundreds of dollars' worth of electric light bulbs in one day? By doing it, experts exposed previously unsuspected sources of weakness in certain boxes and strength in others. By digesting the results those experts were able to design an entirely new type of container which is today saving lamp makers thousands of dollars a year.

The testing laboratories have discovered, for instance, that the greatest strength element in the average container is the nailing, rather than the thickness of its wood, though naturally the end pieces of any box must be strong. They have shown that about 98 per cent of the shippers of the country do not use enough nails of the right sort driven at the right angle. The American Society for Testing Materials, at its recent convention, lined up with the Forest Products Laboratory, favoring more nails.

A standard plan for nailing up a box was worked out thus: In domestic boxes for

6-penny nails or smaller, the spacing when driven into side grain of the end of a box should be 2 inches apart and when driven into end grain, $1\frac{3}{4}$. This spacing should increase $\frac{1}{4}$ of an inch for each larger penny. In export boxes, nails should be $\frac{1}{2}$ an inch closer.

And any old kind of a nail will not do your scientific packer. Small heads will pull through wood. If the head is a shade too thin it breaks. Smooth or even barbed nails will not stand the strain which cement-coated nails endure. A thick nail a trifle short pulls loose. A long, slim nail will break between the boards with the weaving of the box, and so on. The nails must be right and driven correctly, else the box might about as well be tied up with string.

Important as is nailing, it is also essential that the lumber in a box be properly treated before it goes into use. The matters of moisture content and time of storage before use are vital. Moreover, every land must be studied carefully and the packing made to fit the country. For instance, goods going to the West Coast of South America must be in smaller units than those going to the East Coast because of the poorer facilities and fewer railroads of the west side. Landing goods at most Chilean ports means taking them off in lighters and if those goods happen to be electrical machinery going up into the mountains, they must be in small enough packages so as to be easily transferred into the lighter without banging through the bottom if a lighter happens to be rising and falling with the sea, and they must not exceed 170-pound units for burros or 350 pounds for mules if they are to be toted into the hills.

Furthermore, the shipment must withstand all sorts of weather traveling from temperate New York, let us say, down across the humid,

sweltering Caribbean Sea, through the Panama Canal and the salt spray of a Chilean beach, up into the snows of Andean peaks, with perhaps a few weeks of exposure to the wind and rain lying somewhere in the open, before it is unpacked.

But expert packers can make the trip of a motor, for instance, from Schenectady, N. Y., to Jابل-us-Siraj, Afghanistan, as dry as on a journey from one building to another within a factory. Water is kept out of a case by special fabric. If a case is double this waterproofing is never put between the walls, for it will crack at the seams, just where protection is wanted, when the wood shrinks. Wood casing will shrink 5 to 10 per cent if it has carelessly been used green. The product itself, not the box, may be wrapped closely in tough, pitch-impregnated paper or canvas. In the case of canvas, the wetter it gets the closer it hugs the machine. It does not crack in cold or melt in equatorial heat and if a hole is punched in it, the edges adhere, thus sealing up the hole.

Weatherproof!

A MOTOR thus wrapped could stand out in a tropical rain for weeks and be perfectly dry. Today there are hundreds of big trench mirrors lying somewhere in the far northern Russian port of Vladivostok, wrapped in it and boxed. They have been lying there fully three years. "But I'm willing to wager my best hat," says M. C. Fitzgerald, who devised their packing, "that not a bit of moisture has condensed on one of those mirrors in all that time, that the mercury paint on them has not checked and that every one of them is ready for use."

Big machinery must "breathe" if it is to be delivered in foreign lands rustless. During changes of temperature, moisture condenses on the metal unless the air has free circulation inside the container. It took packing experts a long time to find this out. The original effort was to make a container for rustable freight as airtight as possible. Often there was trouble. In one case a machine which was to travel a long distance and be opened at some indefinite date was completely encased in zinc inside a wooden box. The packers thought no moisture would ever penetrate that. But there was a pin hole in it and two years later, when the case was opened, three quarts of water stood in the bottom of the zinc can. The machine inside had, in those two years, done a good deal of perspiring with too little ventilation.

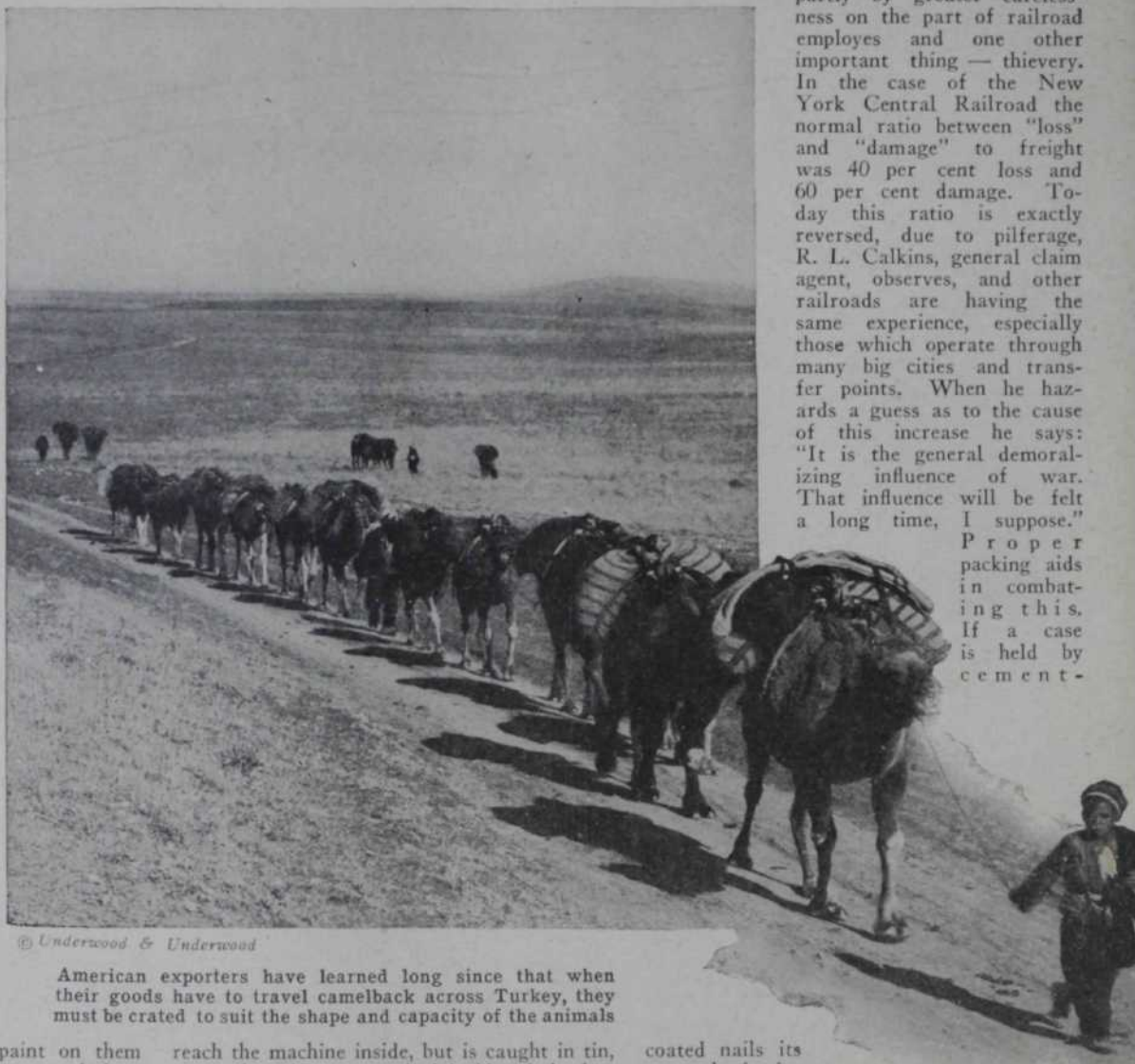
The problem was so serious that the talent of Dr. Charles P. Steinmetz, one of the foremost electrical authorities in the land, was enlisted. He advised that rows of breathing holes around the sides of cases be bored so that the temperatures inside and outside might be approximately the same. His plan

has been followed by several American companies with excellent success ever since. The holes are far enough from the top and bottom of a case so that if the box gets into shallow water none will run in. If the case is turned so that rain falls into the holes it does not

according to the Interstate Commerce Commission's figures on all class 1 carriers, which comprise 95 per cent of the roads of the country. But during the past year this item attained the dizzying height of \$104,000,000.

This tremendous increase is accounted for partly by soaring prices and partly by greater carelessness on the part of railroad employees and one other important thing — thievery. In the case of the New York Central Railroad the normal ratio between "loss" and "damage" to freight was 40 per cent loss and 60 per cent damage. Today this ratio is exactly reversed, due to pilferage, R. L. Calkins, general claim agent, observes, and other railroads are having the same experience, especially those which operate through many big cities and transfer points. When he hazards a guess as to the cause of this increase he says: "It is the general demoralizing influence of war. That influence will be felt a long time, I suppose."

Proper packing aids in combating this. If a case is held by cement-



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American exporters have learned long since that when their goods have to travel camelback across Turkey, they must be crated to suit the shape and capacity of the animals

reach the machine inside, but is caught in tin, spoon-shaped spouts tacked inside of the box and carried down to vents. Mice got in the holes at some of the ports of the world and ate the insulation off of electrical machinery, so screen wire is now tacked across each hole.

Careful studies of packing of products have reduced the cubical contents of shipments to an extent which not only cuts freight charges materially, enabling a shipper to sell more advantageously in foreign lands, but also saves cargo space for the other fellow's use. During the war notable examples of this were observed. A rearrangement of the parts of army rifles in their boxes reduced the size of the cases nearly 30 per cent, and by baling army clothing under pressure, instead of boxing it, no less than \$60,000,000 worth of cargo space was saved by army packing experts.

The railroads and steamship lines are deeply interested in the results of scientific packing. During the ten-year period ending June 30, 1916, the total average annual payment for freight loss and damage by American railroads, whose gross freight revenue exceeded a million dollars a year, was \$25,000,000.

In 1917 this figure jumped to \$35,000,000,

coated nails its strength is increased at least 100 per cent, as proven by the United States Forest Products Laboratory, and if the ends of wire or steel bands are sealed by the most approved methods, then a pilferer has a discouraging job of opening a case and closing it again without leaving traces.

Only recently a case of New York state hammers arrived in Australia partly filled with bricks of a sort peculiar to America, thus establishing the American railroad's responsibility for the loss. The case was closed with ordinary nails and banding iron, so it was easy for the culprit to draw the nails from a top board, slide it out and replace it again without leaving suspicious marks. Recently one of the gangs of freight thieves organized to pilfer by this very method was rounded up.

Experience has shown conclusively that the warning words "glass," "handle with care," and the like, mean precisely nothing in the lives of freight handlers, so other devices are sometimes relied upon by present-day American packers. Even the 7-pound glass Coolidge tube used in X-ray and radio work

and worth \$125 is not sealed up in a heavy case. Dr. W. D. Coolidge, inventor of the tube, himself devised the packing of it. He decided the way to make freight and express men realize the delicacy of their burden was to let them see it. So each tube is slung by the ends on canvas straps inside an open spring-sided crate of light construction. The valuable cargo appears at first glance to be in danger, so 98 per cent of the treatment it gets en route is gentle. The lightness of the small crate prevents messengers from piling things on top of it.

Even the handle on one end of the crate plays its part. The original full-sized grip was replaced by one so small that a man can get only two fingers in it. With no more of a hold than that, he is likely to think "fragile" and "precious" even if those words are not painted on the case. He puts his left hand under it and lifts it up carefully.

Domestic Packing Problems

THE problems of shipping goods after they are packed, of course, are multitudinous. Moving huge electrical machinery and turbines, for instance, is almost as much of an engineering feat as building them. Transportation is constantly before the designer of massive machinery. He must not plan anything too big to ride on a railroad. This limitation is about the only one that restricts the size to which Curtis steam turbines, for example, can be built. If the machine is going to be too wide or too heavy to travel assembled, it must be made in sections.

Many are the absorbing tales of the shipping of turbines and other electrical generating machinery. One of the early ones surrounds the mighty but old-fashioned upright steam turbine which today stands in the yard of the plant which built it, a monument to the genius of early turbine constructors. It was built in 1902 for the Commonwealth Edison Company, of Chicago. A railroad which was to handle it was notified of its dimensions before it was built, but when the mountainous machine was ready to be loaded the road declined to take the shipment until a guarantee of \$1,000 above the freight rate was posted by the manufacturer. A special train made the trip, delivering the monster turbine safely.

In loading a huge generator for the Metropolitan Street Railway Company of New York, it was discovered the machine was three inches too high on the flat car. It wouldn't clear the bridges and tunnels, so the planking was removed from the floor of the car. This lowered the load two inches. Engineers puzzled over how to shave down the other inch and finally determined upon compressing the car springs. The only way this could be done to the proper degree was to suspend the giant machine over the car and then drop it. By this heroic method the necessary compression was secured and the generator made its trip to New York.

Nowadays, when machinery of the size of the Commonwealth Edison turbine and the Metropolitan railway generator are handled with comparative ease, usually in "well cars" with sunken floors, the shipping department has men who know exactly how every machine must be shaped and loaded in order to reach any given place in the world. Before an extraordinarily big shipment is started forth, an expert in the factory who knows about a low bridge in Iowa and a narrow tunnel in Colorado has carefully plotted the course which that shipment must follow.

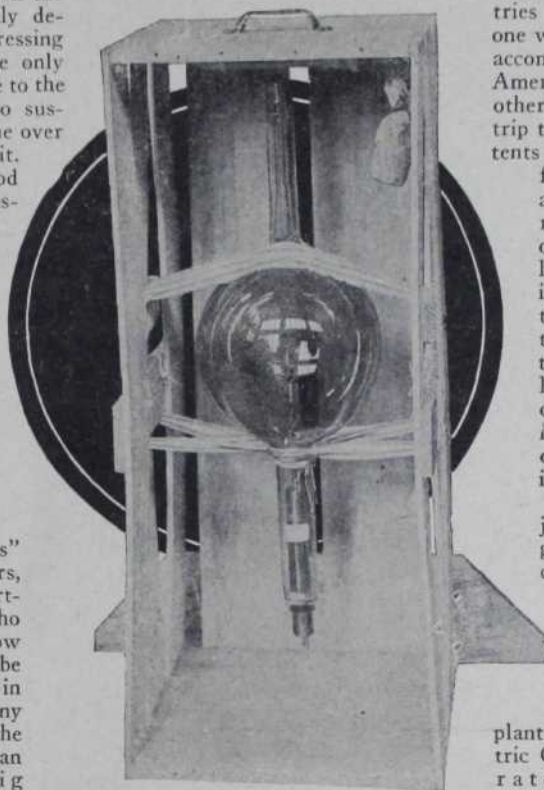
Furthermore, before anything starts on any hard trip, an expert has made certain it is

packed in such a way that it will meet all conditions en route. If it is going to end its ride with 60 miles on a sledge behind some Esquimaux's eight huskies, it must not exceed a certain size and the packages are equipped with wooden "horns" to aid the man who lashes it to the sledge. If it is going into

certain European countries it may be packed one way to New York to accommodate itself to American railroads, another way for the sea trip to lessen cubical contents and thus economize freight charges, and a third way for the routes it must take on the continent on light railways. If it is stenciled with the address of a customer somewhere on the Thibetan plains, let us say, every leg of its long trip will have been plotted out carefully before it starts.

Somebody knows just about what is going to be encountered by every package in the annually 12,000 carloads that leave the Schenectady

plant of the General Electric Company and elaborate preparations are made to meet it. That is part of the country-wide American effort of today, not only to pack a shipment of goods so that it will stay safely inside its containers en route, but also so that the receiver in any corner of the world, from Spudd's Crossing to Foo Chow, will be happy over it when it arrives there.



A bit of psychological packing. These valuable X-ray tubes were often broken in transit until a genius hit upon the idea of leaving the crate open so that the expressman could see the delicacy of the instrument. Breakage was greatly reduced

What the Worker Really Wants

Here is an international labor story for the employer who has noticed the advance of radical ideas among his men, with a suggestion as to what he can do to head them off

An Authorized Interview with Whiting Williams

AM I GETTING on?" Give the American worker a chance to answer "Yes" to this question and we need not worry about the closed shop, the I. W. W. and the Soviet invasion.

That, in brief, is the view of Whiting Williams, who has just spent three months in England working and looking for work, and the looking took far more of his time than working.

Work—plain overall work—is no new thing to Mr. Williams. He spent seven months in American steel mills, starting as an unskilled laborer and ending with an assistant foreman's billet at \$7.50 a day. Something of what he learned there he told to the readers of THE NATION'S BUSINESS in March of this year, and he has come back from England stronger than ever in the belief that what the laborer skilled and unskilled, wants above

all is not so much more welfare work—which he is apt to resent as paternalism—not so much more profit-sharing or bonuses, as more opportunity—more chance to get on. He wants to look on his job as something he can climb up from, not as a "berth" to curl up in.

There's a lot in words, Mr. Williams thinks, and it struck him forcibly that the Englishman is apt to call his job a "berth" or a "crib," to feel that once in he'll never get out and that his chief duty is to get in it and stay in it.

But let's let Mr. Williams tell his experiences. His first two weeks were spent hanging around the London docks looking for a job handling cargo and not finding it. In the first place he wasn't a union man. That didn't bar him from working, it only barred him from the first chance to work. Union men get the first call and what jobs were left

went to the outsiders, and there weren't any left while Mr. Williams was hanging around.

"Don't you think they were suspicious of you?" was the natural question, "that they thought you weren't genuine?" Mr. Williams doesn't look like a longshoreman, at least, he doesn't in his talking clothes.

"No," was the answer. "I was a little worried at first but I got the answer soon enough. I didn't try to pass as an Englishman of course. I was simply an American who'd worked his passage over to have a look 'round like and had run short of money. Still I was uncertain how the other man felt until, as I was leaning against a wall smoking a cigarette, a man dug from behind his ear a precious half inch of rolled tobacco, took with two grimy fingers the cigarette from my mouth and lighted his.

"Then he said: 'Tidy bit of ryme we're

'aving, eyen't it?' Then I figured that I had passed muster."

"How does the man on the dock look at the union?"

"As his salvation. He see it as a means of providing more jobs in a country where jobs are always scarce and when he hears of a man making 50 shillings a day by piecework on a rush job unloading frozen beef from the Argentine he doesn't envy him, he hates him. He feels that the other man is taking bread from him and his children and the union is the thing that saves him. You can't talk to him of the benefit of increased production. He sees the man who makes one job grow where two grew before as an enemy and you can't talk economics to an empty stomach."

"From London, still jobless, I moved on to South Wales where, by the way, there is more talk of Bolshevism and more friendship for Russia than in any other part of the United Kingdom save, perhaps, in Scotland. I tried at the tin plate and sheet steel plants but there was slim chance of work there. That's the district you know that was all but ruined once by the McKinley tariff which sent thousands of Welsh tin and sheet workers to this country."

"I talked with men of every sort in the works. I hadn't much else to do. One thing that struck me was the ease with which a stranger could get into the works and talk with the men. All I had to do was to keep an eye open and if the 'gaffer'—the foreman, you know—came along I'd ask about the chance of getting a job."

"It was in this district that I got my one real job and it wasn't for lack of trying that I failed to get others. My job, that I did get, I held two weeks, bar two days that I lost because I had to strike."

A Coal Mine from the Inside

THE job was in a soft coal mine in the Rhondda district of South Wales. It wasn't a bad job by any means. We had a seven-hour day and I drew down 17 shillings a day and paid 35 shillings a week for board and lodging. My job was filling a tram car with coal that my partner dug.

"But conditions there were unusual. The men were playing ca'canny, trying to make the work unprofitable for the owner, and they said so frankly. I attended formal union meetings above ground and informal ones in the dark headings a thousand feet below the surface. The leaders were openly in sympathy with the Bolshevik movement and I was with them when they were singing 'The Red Flag of Revolution' to the tune of 'Maryland, my Maryland,' instead of digging coal."

"They look'd to Russia as a place where the workingman had a chance. Ask them of the newspaper accounts of privation in Russia, of starvation, rioting and forced labor and they waved them aside. The 'capitalist press,' the 'kept press,' they were more apt to call it, was the answer. They had their own reports, widely different, direct from Russia, they said, and these they believed just as they believed that Russia was a land where a man can get ahead."

"From South Wales, where I did find work, I moved on to Scotland to the Clyde bank where I didn't, though I haunted steel mills, docks and shipyards. As in Wales, I did get plenty of chance to talk with workers of every rank. I found here, as elsewhere, the same suspicion of what they read in any but labor papers and what they heard from any but their own men. 'Propaganda' is a word that you never get away from. Blame the war, if you like, for the thing itself. The war taught them suspicion,

perhaps. They learned that governments could undertake to influence public opinion and they feel that truth is sometimes distorted for that purpose."

"Here's a case in point. While I was along the Clyde it was announced that the city of Glasgow had bought 10,000 tons of steel rails for use in the municipal tramways. It was bought in America and cost, delivered, some 3 pounds, 10 less per ton than it could be got for in Scotland, a saving at the present rate of exchange of something more than \$125,000."

"Was there any use trying to read a lesson from this to the Scotch steel men? Not the slightest. In the first place, it wasn't true, it couldn't be done. In the second place, if it were true and could be done, it was only for effect. It was propaganda of 'the mawsters.'"

The Hunt for a Job

BUT there was no work to be had on the Clyde—at least, no work that I could find of the sort that I have best learned to do. I moved on to Middlesbrough, the center of the British iron and steel industry and to Barnesley, a coal mining district. It was the same story as far as work went but a different one as concerns the worker's state of mind. Iron and steel workers are happy there largely because of good housing, the eight-hour day and payment of wages on a sliding scale varying with the selling price of the output. Yorkshire is far more conservative.

"There is less radicalism than in Wales or in Scotland, or, perhaps I should say, less revolutionary radicalism. The Yorkshire miners voted against the coal strike but they are committed, or rather their leaders are committed, to government ownership of the mines."

"Coventry, a center of automobile making, presents an interesting contrast to much of the rest of industrial Great Britain because of the contrast in conditions of work and living. The newness of the industry has led to better factories and to infinitely better housing conditions. Very noticeable is the cleanness of the town. It's a smokeless city, for the factories buy their power from a municipally controlled power station. Doubtless, for this very reason, I found still less radicalism among the workers here."

"These wanderings ended my discouraging hunt for work and took me back to London."

Mr. Williams has come back with some positive opinions about the difference between labor conditions in England and here.

"With the English working man," he explains, "a job is a very different thing from what it is to the American. To the Britisher, a job is a thing to be acquired and held onto because there's no way to leave it for something better. With jobs so scarce leaving is too risky."

"As he looks at it he might improve the job, but he can't improve himself. He can only go ahead as all the men around him go ahead. He can't go up on the passenger elevator. He can only go up on a platform elevator which lifts not only him but every one around him."

"That is what makes for the strength for the union in England. The average worker feels that he is in his 'berth' for life and that the best he can do is to make that berth more comfortable, since he can't get out of it into another. It follows that he only improves his berth as he improves his neighbors and his answer is mass action by the union—mass action which shall not lessen the number of berths because he might be the one to be shoved out, but which shall fight for wage

increases and a shortening of the hours of labor."

"You might say that the worker sees three ways of 'getting on'—by individual opportunity, by mass play through the union and failing in these two by the ballot through a labor party. It is the failure of the first that leads English labor to the other two. And English labor is, on the whole, ably led, more ably led, in my opinion, than union labor in America. On the other hand, the rank and file are more intelligent in the United States, I think."

"What is the lesson for us? To me it seems certain that we must encourage the individual and make him know that he has a chance to get ahead and that that chance lies in himself. We must make this a real land of opportunity. No amount of profit-sharing or bonus-giving or welfare work can take the place of that, though they all may be helpful. The man who feels that he has a chance isn't the man who sings of the red flag of revolution. The American job needs more of opportunity and also more of security. The unions try to supply these lacks, often blindly enough. These lacks should not exist."

"You would be interested to see how English workmen look to this country as a heaven of opportunity. I've had men take from their pocket letters that were worn almost to bits and read to me what a cousin or a friend in America was doing, how he started at so much and was now getting so much more. It was the promotion that appealed, the chance to say 'Yes' to the question 'Am I getting on?'"

"It's up to the employer, I believe. He's got to bring home the feeling that a job is something to climb out of, not to lie down in or to 'lie down on.'"

"Look at it, if you will, as a question of 'selling.' The employer has got to sell the workingman the promise of getting ahead and he must sell not only the promise but the performance. He has got to sell it in competition with the union leaders' promises in the shape of better wages, less work and more jobs."

The Union or the Boss?

DON'T think that the worker is ready to accept as certain the promises of the union leader and to demand performance from the employer. That's only part true. He may be a little more inclined to take a promissory note from the union and insist on cash from the boss, but he'll grow suspicious of words that are not translated into deeds, from either side. Still there must come a little more from the employer to convince him in order to overcome the distrust likely to be built on misunderstanding.

"And therein, I feel, lies the great hope of a peaceful and a just solution of our industrial troubles. It isn't the open shop against the closed shop. That's only one factor. It's the hope of betterment, the promise of a future. It is there that the employer must do his part. The problem grows more difficult as our industries grow greater. The industry of half a hundred plants is more apt, I suppose, to look upon labor as raw material, as a thing to be bought at wholesale, to forget the ambitions of the individual."

"What the worker wants is an open path ahead. He may not reach the end, he may not even advance, but he wants to know it is there. It's that thing that makes him quick to smell favoritism, to resent the fact that the new foreman is the "super's" cousin. He knows that the prize isn't to everyone but he wants a chance at it."

When Your Name Isn't Your Own

The law of unfair competition as it is invoked to keep Mr. Jones from putting on the market Jones's Tea; the tangled cases of Baker's Chocolate and Roger's Silver

By W. W. GOLDSMITH

PROBABLY the oldest applied doctrine of political economy is the competitive doctrine, and the reported decisions from state and federal courts, the increasing number of cases of "passing off" is a remarkable commentary upon the state of competition in the business world.

The object of the impostor always is to create confusion in the public mind and thus to sell his goods or his service on the established reputation of another's goods or service. To curb this form of competition the law of unfair competition is invoked.

There are three principles upon which the courts have rested the application of the law. They are (1), to promote honest and fair dealing; (2), to protect the purchasing public, and (3), to protect the property rights of individuals. All three have at times been given as the basis for the right to relief, but the majority of the American courts grant relief from unfair competition upon the third ground alone. They consider good-will a valuable property and protect it exactly as they do land or houses, or stocks of goods, or other property. The fact that the complaining party has no exclusive right to the particular name or symbol, or the get up of goods, is immaterial.

The Case of the Bakers

ASERIES of interesting cases on similarity in names, and the right of a man to use his own name, were the Baker cases. Walter Baker & Company began the manufacturing of cocoa and chocolate in 1870. In 1894 one William H. Baker, of Winchester, Virginia, put upon the market a chocolate labeled with the name "W. H. Baker & Co." It immediately began to sell as Baker's Chocolate, and the public accepted it for the chocolate made by Walter Baker & Company, which bore the label "W. Baker & Co.," and had long been selling as Baker's Chocolate. William H. Baker, at the suit of Walter Baker & Company, was required to state upon his packages, "W. H. Baker is distinct from and has no connection with the old chocolate manufactory of Walter Baker & Company."

Another suit was then brought by Walter Baker & Company against a William P. Baker, of New York City. He was restrained from using the name Baker alone or with the initial "W" only, but was allowed to use his full name, "William P. Baker" or "William Philips Baker." The William H. Baker, of Winchester, Virginia, then found it necessary to restrain a William H. Baker, of Syracuse, New York, from marketing chocolate in packages upon which was printed "William H. Baker is distinct from the old chocolate manufactory of Walter Baker & Company." This was rather poetic justice. The statement was the same as that the Virginia Baker had been required to use to distinguish his goods from the goods of Walter Baker & Company. Both Walter Baker & Company and the Virginia Baker restrained one Sander, of New York City, who was the agent of the Virginia Baker in the first venture, and then the agent of the Baker of Syracuse,

New York, from marketing chocolate and cocoa without first marking it to indicate clearly by what Baker it was made. At the same time, in other suits by Walter Baker & Company, grocers who were handling the product of the Baker of Virginia were required to use the name Baker with accompanying words and in a way to indicate that the goods were not the product of Walter Baker & Company.

Another series of interesting cases were the Rogers cases. Perhaps no article of household use is better known to American housewives than Roger's Silver. It was first made in 1865 by three brothers, and has been continuously on the market since, under trade names in which the name "Rogers" was the salient feature. In 1883 George Rogers, a lawyer, turned silversmith and formed a company to manufacture silverware. He and his associates were restrained from using the word "Rogers" on their goods. In 1907 another man by the names of Rogers placed a Roger's Silver on the market. He printed on his packages, "Not connected with any other Rogers." This was not enough and he was required to state, "Not the original Rogers." Then a bicycle maker, whose name was Rogers, began manufacturing silverware which he stamped "Wm. H. Rogers." Later, the sons of the original Rogers placed a Roger's Silver on the market. They marked their goods "The real Rogers goods." The original Rogers Brothers had sold out to a corporation, and the sons were enjoined from using the name Rogers alone, or stating that their goods were "The real Rogers goods," or that they were "The only Rogers Brothers."

In Illinois a milkman in the city of Springfield by the name of Mueller used for nearly sixteen years a certain distinctive scheme of painting on his wagons. Their running gear was yellow, their bodies brown, their tops white, and on the sides was a pastoral scene consisting of two cows, some trees, a running brook, some lilies and a fence. He had a competitor by the name of Nokes. Mr. Nokes took his wagons to the shop where Mr. Mueller had his painting done, and they emerged with yellow running gear, brown bodies and white tops, and with a pastoral scene on the sides consisting of two cows, a mountain, a Swiss castle with a cupola, a

running brook and some lilies. The name of one dairy was The Walnut Grove Dairy, of the other, The Walnut Park Dairy, and the names were painted on the wagons.

The supreme court of the state said that Mr. Mueller could not have so impoverished the English language, and so exhausted the skill of the artist that Mr. Nokes was compelled to imitate him so closely. Mr. Nokes was required to change the painting of his wagons and the name of his dairy.

In California a merchant rebuilt the front of his store to imitate exactly the store front of his next door rival. The supreme court of that state required him to place signs in conspicuous places in his store so that the public would know that his establishment was separate and distinct from the establishment next door.

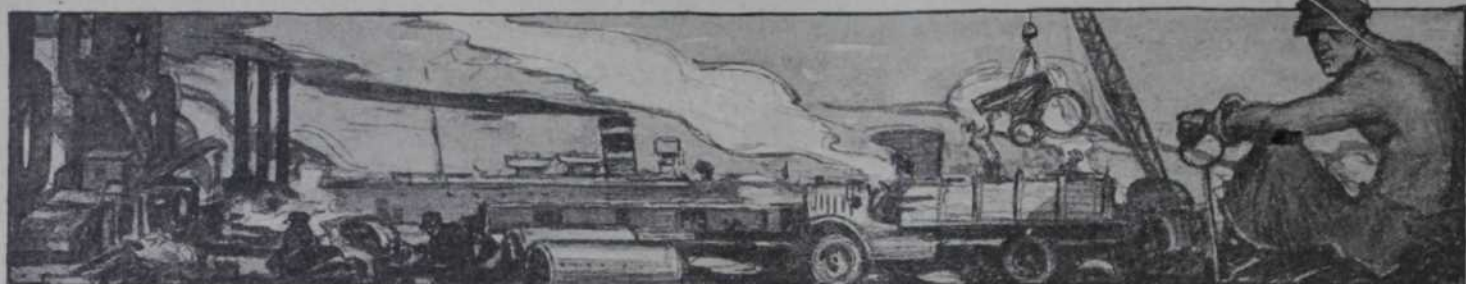
Coffee grinders were the unromantic articles to which fell the honor of establishing one important landmark. The defendants were manufacturing and selling a coffee grinder which was a "Chinese copy" of a coffee grinder that the plaintiffs had been selling for thirty years. The coffee grinder not only conformed in size and shape but also in the minor details of ornamentation. The defendants admitted that they looked for a profit in making and selling grinders which in all substantial respects would be the same as those made and sold by the plaintiff. But they overlooked the fact that a court of equity will not allow a man to palm off his goods as those of another whether he does it by word of mouth or by simulating the appearance.

When a Word Isn't Private Property

NEW words are often coined to name inventions. The inventor's surname is not infrequently used. Through the monopoly conferred by a patent such names acquire a generically descriptive meaning, and come to identify the article rather than the maker. The doctrine in America, and it seems in France and England as well, is that the name passes to the public with the cessation of the monopoly the patent created. Thus the word "linoleum," which was coined by the inventor, is defined in Webster's Dictionary as a "floor covering." The public may avail itself of this dedication of the right to make an article and to use its name, and anyone may now make linoleum.

The principles of the law of unfair competition have been applied to the Gordian knots of business for upwards of two centuries, the name unfair competition was not given to the body of principles which had slowly accumulated until some fifty years ago. The remedy was at first sparingly granted. The courts were loath to apply a law which seemed to curtail the freedom of trade. But the achievements of modern business have demanded a broader view, and the courts, faced with a multitude of cases of unfair trading, now apply the fundamental principles freely and without regard to technical doctrines.





Fewer Systems and Better System

COMPETITION that works for service is a blessing but there is no place in business today for competition that works for waste.

This country has had one fling at government control and it lies with the railroads to make that one enough. The cry for government ownership will not end unless the railroads make it plain that the shipper and the traveler are better served and cheaper served by the railroads under private ownership.

One great forward step is consolidation into fewer systems, a consolidation that shall put the weak road under the wing of the strong, that shall make it possible for the railroad to get the most from every man and every dollar that it puts to work.

The path is being made plain. The transportation act provides for putting the railroads into a few great systems and the Interstate Commerce Commission has taken up its part of the work. For more than a month Prof. William Z. Ripley of Harvard has been working out the plan under the guidance of Commissioner H. C. Hall.

The law provides that the plan as approved by the Commission shall so re-group the railroads that competition shall be preserved as fully as possible and that wherever practicable, the existing routes and channels of trade and commerce shall be maintained. It is further provided in the law that the several systems shall be so arranged that the cost of transportation as between the competitive system and as related to the value of the properties through which the service is rendered shall be the same as far as practicable so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties.

As soon as the Commission agrees upon a tentative plan of consolidation, and after due notice has been given to the public, hearings will be held by the Commission when all persons who are interested may present objections. After a plan of consolidation is finally adopted, the Commission will receive applications from the various roads desiring to combine. Only such consolidations as are in the public interest and in harmony with the comprehensive plan previously adopted will be permitted by the Commission. Consolidation is purely voluntary on the part of the railroads themselves.

If the Interstate Commerce Commission can work out a plan which shall provide for the perfect coordination of the railroads of the nation, uniting poor and rich roads together without loss in the competitive spirit, it will have accomplished a marvel.

The Output of the Federal Trade Commission

THE FEDERAL TRADE COMMISSION on November 1 gave notice that until its powers to require coal operators to report data have been established in the courts it will cease publishing its coal bulletins. Statistical statements always tend to become stale, somehow, and the Commission's coal bulletins have not escaped this defect. The bulletin made public in November was for June, and everyone will agree that June data regarding coal makes a pretty old story in November. About 18 per cent of the soft coal mined in the country was represented in the reports upon which the bulletin for June was based.

The Commission's powers to obtain information about costs, production, and the like from a whole industry are not alone in being before the courts. There are twenty or more other cases, mostly involving decisions respecting unfair methods of competition. Two of these cases have already reached the Supreme Court. There are several cases that turn upon

questions of resale prices and it is to be hoped that on that rather vexed subject the courts will reach a decision that will sweep away doubts.

A Consummation Devoutly to be Wished

WE MUST give government cooperation to business, we must protect American business at home and we must aid and protect it abroad by the upbuilding of our merchant marine and a restoration of our self-respecting measure of American protection to her citizens wherever they may go upon righteous errands.—President-elect Harding.

Taxes of the Nations

THE TAX BURDEN in important countries was computed for the Financial Conference held at Brussels. Expressed in dollars at the rate of exchange current this summer, the taxes assessed per capita in different countries were estimated at:

United Kingdom.....	\$87.90	Holland.....	\$18.70
United States.....	56.60	Germany.....	12.50
France.....	34.60	South Africa.....	11.50
Norway.....	28.80	Spain.....	10.60
Australia.....	27.80	Finland.....	10.40
Denmark.....	20.40	Switzerland.....	8.40
Sweden.....	18.20	Japan.....	5.80
Belgium.....	15.20	Italy.....	5.60

The tax per capita is not a very satisfactory measure. In a poor country a low rate per capita may be a much heavier burden than a high rate in a wealthy country. Taking into account these circumstances, making adjustments for depreciated currencies, and acknowledging the probable inaccuracies in the results, the economists who prepared data for the Brussels Conference set forth the best data they could get and arrived at the following figures for present income per capita:

United States.....	\$700	France.....	\$265
United Kingdom.....	445	Italy.....	130
Australia.....	374	Germany.....	103
Canada.....	351	Japan.....	82

Germany is the only one of these countries which has a smaller income per capita today than before the war—its present figure being \$103 as against \$149 in prewar days.

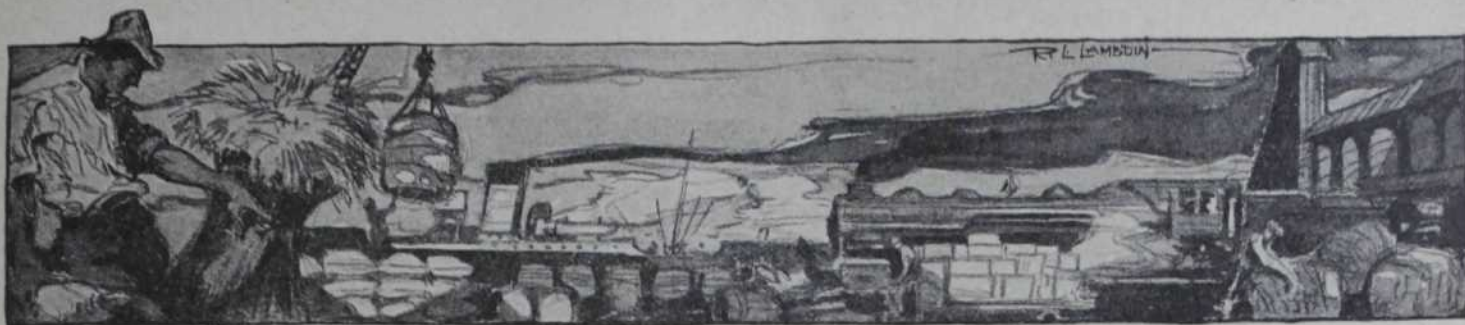
With the income per capita the economists compared the present government revenue per capita, and found that the percentage of the latter to the former—indicating the relative burdens of taxation today—is for each of the countries:

	Per cent		Per cent
United Kingdom.....	27	Germany.....	12
France.....	18	Canada.....	11
Italy.....	13	Australia.....	9½
Japan.....	13	United States.....	8

Direct taxation has assumed much more importance than it had before the war. In 1920 percentages of expenditures to be met through revenues from direct taxation are:

	Per cent		Per cent
Germany.....	60	Australia.....	37
Sweden.....	51	Japan.....	29
Denmark.....	49	Switzerland.....	26
Norway.....	48	British India.....	24
United Kingdom.....	48	Holland.....	24
South Africa.....	39	Italy.....	21
France.....	38	Finland.....	19
Spain.....	38	Belgium.....	19

Of this list of countries for which computations were made by the experts who prepared data for the conference—in this particular list they omitted the United States—only Germany was seeking to meet its whole budget of expenditures through



taxation, direct and indirect. Of the others, Italy is raising the largest percentage of expenditures from sources other than taxation. The percentages from this point of view are:

	Per cent		Per cent
Italy.....	65.7	Holland.....	39
Belgium.....	65.1	South Africa.....	34
Finland.....	52	Norway.....	33
Switzerland.....	51	France.....	27
Portugal.....	48	United Kingdom.....	27
Japan.....	46	Spain.....	25
British India.....	46	Australia.....	23

Here's a Spanish Novelty in Taxation

A CONTAINER TAX is a novelty being tried in Spain as a source of revenue. Perhaps it would be more accurately described as a stamp tax on labels. It is a small amount upon each bottle, package or other unit of an article bearing a label which differentiates the contents from similar articles sold in bulk. This differentiation may be through indication of a trade name, quality, place of origin, name of maker, etc.

The World's Bread

PURCHASING POWER in Europe has a decided bearing upon the price which our farmers will obtain for their wheat. This is the conclusion of the Department of Agriculture after reviewing the world situation in cereals.

Western, central, and northern Europe constitute the great market for surplus cereals grown in other parts of the world. Before 1915 Russia and neighboring countries supplied this market with about half its requirements. Today, they are closed as a source of supply. In the rest of the world there is an estimated surplus this year amounting to 576,000,000 bushels of wheat. If the European market were to consume wheat at the same rate as in the five years before the war, it would require 689,000,000 bushels from abroad. In other words, only the opening of Russia and a good harvest there could prevent an outright shortage, according to the statistics.

As a matter of fact, however, the European market may not take wheat this year in the prewar volume. There has been a considerable amount of substituting of other foodstuffs for wheat. The Department of Agriculture thinks Europe would like to return to the bread it knew before the war, but may not be able to afford such a luxury.

The only criterion of any accuracy that is now available is the figure for the imports of the European market in 1919. Last year the imports were 13,200,000 tons of wheat and rye together. Upon the basis of prewar consumption the demand made this year upon the other countries for these two bread grains would be 22,300,000. The amount which countries now engaging in trade could provide this year is 18,500,000 tons.

The deduction from the figures would seem to be that the price our farmers will receive for their wheat will depend, to a considerable extent, upon the degree in which the European market has recovered its purchasing power since last year. That recovery, when it can be stated in Europe in terms of imports of wheat and rye, will be a good index of the resumption of industrial activity which Europe has now attained.

In the three months ended with September wheat and flour left the United States at a rate which might suggest that Europe's power to purchase foodstuffs has very considerably developed during the preceding twelve months. In these three months our exports have been equivalent to a little better than 100,000,000 bushels of wheat. During the corresponding three months of last year they were around 55,000,000 bushels. Last

year one-third of the exports were in the form of flour. This year the percentage of flour has fallen to one-fifth.

It remains to be seen whether the action of the Shipping Board, in removing on November 1 a portion of the differential in ocean freight rates prejudicial to flour as against wheat, will restore flour to its former place in the exports. In 1913 flour formed about one-third of the exports of wheat and its products.

All of 'Em Babe Ruths!

BASEBALL in the Antipodes is not easily recognizable, in ball respects, by a devotee of the game in its native land. No matter how ready to welcome the rest of the world to the enjoyment of baseball, an earnest and conscientious American fan will find much reason for perplexity in recent statements from Australia that the recent "winter season" in baseball has been a great success and that teams in New South Wales "without any previous practice" played games that ended in such scores as 1-0, 2-1, and 3-2.

The obvious conclusion is that the part of Australia from which the message comes is blessed with climate such as American fans hope to find in the Elysium of baseball and that Australians are such athletic fellows they simply cannot keep themselves from playing perfectly a perfect game. Perhaps it will not be long before the annual world series will be played between Australian and American teams that have captured their respective national pennants.

Still a Demand for Flint-Locks

FLINT-LOCKS and tinder boxes may be a little out of date, but just the same it still takes 3,000,000 gun-flints a year to meet the demand of out-of-the-way parts of the earth where primitive weapons continue to have their use.

Flint-knapping is the process of manufacture, and it is very largely the method used by men of the stone age for the production of arrow heads, axes, and similar implements of war and peace. Today, flint-knapping is largely confined to one town in England, which has a yearly output of flints that comes near to supplying the whole world demand.

The Chinese and Our Pigs' Legs

THE ECONOMIC genius who figured out that all that was needed to bring unbounded prosperity to the cotton mills of New England was to add half an inch to each Chinaman's shirt tail never carried out his project, but the Chinaman, without announcing his plan, has done something quite as remarkable: he has added inches to the legs of the American pig.

He has not done it alone. He has had help from the East and West Indies and from our own farmers in the south. The process was simple and was just another instance of a great industry altering itself almost unconsciously to meet new conditions.

Not many years ago, the prizes of the pig world went to the round, short legged type, the kind of hog that you couldn't see under. The chief purpose in the life of that hog was to turn corn into lard. Now it's the big type that is popular, the pig that makes more lean meat, more bacon and ham.

What has done it? For one thing, the Chinaman and his soy bean crop. The vegetable oils, soy bean, coconut, corn, cottonseed and peanut are furnishing a vast amount of lard substitutes at prices lower than the pig can supply his product. So the four legged lard factory is turning to the ham business and the Chinaman, his shirt tail unlengthened, has added to the legs of the American hog.

Should We Smash the Exchanges?

"Yes," says Senator Capper, and cites the "bear raid" in wheat to prove it; "No," says Robert H. Moulton, who answers the Senator's attack on the Board of Trade

THE CHICAGO Board of Trade is again under fire with Senator Capper and Gov. Allen of Kansas leading the attack. An inquiry by the Federal Trade Commission is still under way. The senator believes that the first duty of congress when it reconvenes in December should be to put an end to the option trading in wheat. Pending legislation, farmers are being urged to act as a unit in holding wheat. Elsewhere, in THE NATION'S BUSINESS OBSERVATORY, we give some of the varying views of the interests chiefly affected. Here we present the two sides of this discussion, the case against the Board of Trade by Senator Arthur Capper, as presented in the Senator's paper, the *Kansas Farmer*, and the case for it by Robert H. Moulton, who has made a study of the Board of Trade and its methods.

A very brief summary of the wheat prices of the last six years may be helpful. The grade is No. 2 red winter, prices those compiled by the National Bank of Commerce in New York. The low figure was in July, 1914, just preceding the war, when wheat was 78½ cents. October found it at \$1.09. It rose to \$1.60 in July, 1915, and dropped to \$1.28½ in October of that year. The year following saw a range from \$1.15 in July to \$1.57½ in October. In 1917 the United States got into the war and wheat hit \$2.62½ in April, coming down to \$2.15 in July and staying about there until after the armistice. In April, 1919, a mark of \$2.57 was reached and in May of the present year came the top of \$3.06. What has happened since is told below.—THE EDITOR.

"A Den of Thieves"

By ARTHUR CAPPER

United States Senator from Kansas

NO MORE infamous piracy has been attempted or perpetrated on this much victimized nation than the present bear raid in the Chicago grain pit. Its purpose is to rob the American farmer of every hard-earned cent of profit there may be in his 1920 wheat crop, even to the point of penalizing him with a heavy loss for growing it. And once the crop is out of his hands, to run the price up, and make the world's consumers pay these gamblers the highest price ever exacted for wheat since the Civil War.

The world needs every bushel of this wheat. There is no glut in the world supply. Dr. A. E. Taylor, leading authority on food conditions, says Europe will need 15 million tons of bread-stuffs this year from the outside. There is no economic reason for a great slump in prices. It simply is a grain-gambler conspiracy to milk the people and the grain growers out of several hundred millions of dollars, and its success depends solely on how long the gamblers can prolong the raid and manipulate the market.

In this particular the much deplored car shortage may yet prove a blessing in disguise. It prevents any great effort by the growers to save what they can from the possibility of wreck by a panic rush to ship all their wheat at once, thereby "breaking the market" and giving the grain gamblers their chance "to buy wheat for nothing." That virtually is what it amounts to. In the meantime the

prospect of another general war in Europe, or the natural demand, may to some extent, wrench the market away from these conscienceless pirates. Only this can save the grain producers.

This wicked business is an immediate sequence of the restoration of option trading suspended during the war. The ban was taken off July 15 and in scarcely more than 2 weeks the price of wheat was depressed from 42 to 54 cents a bushel. Good red wheat dropped 50 cents in a single week. Some of the "bears" predicted a break of \$1.50 a bushel.

Previous to the resumption of grain gambling, prices had been going along on a steady and satisfactory basis, with no material fluctuation from day to day. It remained for the grain gamblers in effect to take 259 million dollars from the country's growers of winter wheat in a single week and to rob the Northwestern spring wheat raisers of a prospective 145 million, a total of 404 million dollars from wheat growers alone with bread 6 per cent higher than a year ago and flour prices rising!

Economic justification for this raid is lacking. We now know there can be no wheat for another year at least from Russia, the world's great exporter of wheat. Argentina, our rival in the world's grain markets, has oversold its output and is now buying wheat to supply its own needs.

A decrease of 30 million bushels since June 1 in this year's wheat prospect in the United States, is shown by the Government's July crop report, Kansas being the only state to report an improved condition. The country as a whole will this year fall short of the five-year average in wheat production by 12,646,000 bushels. These are the Government's estimates.

Our domestic needs, however, will be greater than ever. Foreign demand must continue strong. In fact, there is almost certain to be a demand for more wheat than can reach the market. That the railroads will be able to handle as much wheat as last year is doubtful as the great falling off in shipments compared with a year ago indicates, a reduction of about 50 per cent.

The following appeal telegraphed to me by Congressman Timberlake, of Colorado, indicates his serious view of the situation:

"The alarming condition that now threatens the wheat growers of the United States has become so acute as to demand in my judgment some action by the Government that will look to the protection of the producers.

If obliged to sell their wheat at the prices now offered as many of them will be, it will mean not only the loss of every cent of their profit but an actual and heavy loss over cost of production.

"Is there no agency of the Government to whom the urgency of this condition can be presented with any prospect of early action to relieve the situation?

During the war these farmers heeded the cry of their Government for increased production. They were extremely patriotic in responding to all calls of their Government. Shall they now be made to suffer most?

"I shall appreciate any suggestions you may offer and assure you of my desire to cooperate in every

way in relieving the alarming situation existing."

I doubt whether anything can be done now to stop this piracy in the wheat pit. When Congress meets in December its first business should be to put an end to this ruinous form of gambling and to provide a system for advancing money to wheat farmers on elevator certificates after the manner that cotton farmers are financed in the South through loans on warehouse receipts.

When food speculators notoriously corner or exploit supplies for a rise, borrowing funds from banks to carry on this speculative business, producers are entitled to credit accommodations to hold their products a reasonable time to avoid congestion of markets and frustrate systematic food gambling.

The speculators both in wheat and in cotton know when farmers must sell and they take advantage of it to rob them annually of their just and hard-earned dues by running down prices before the market gets the crop; then running them up on the consumer. These two great world staples are made the footballs of the speculators and the whole country is victimized.

The war has proved to us we do not require an option market in order to handle cash grain. We also know that the hay crop, beef products and other lines of as great magnitude as the grain business, are handled without any trading in futures. I believe the time has come to enact legislation to eliminate option trading and put an end to this enormous and systematized robbery of producer and consumer. It has done almost



Photos by Robert H. Moulton

as much damage to national prosperity as the saloon and it has done much more than the saloon to retard our agricultural progress and well-being. The steady exodus of men and women from farms should convince us that we cannot go on victimizing and penalizing the farmer and expect him to till high-priced land with high-priced labor and feed the nation. Farming is too hazardous a business as it is. We can no longer have it made the sport of the grain gambler.

In self protection American farmers are organizing to take over the marketing of their products cooperatively in order to free themselves as well as the consumer from the machinations of the horde of profiteering and speculative parasites that have fastened and fattened upon the country's necessities for years and almost made farming unprofitable. This movement has been given great impetus this year by the American Farm Bureau Federation, the National Wheat Growers' Association, the Farmers' National Grain Dealers Association, the National Board of Farm Organizations, the Farmers' National Council, the Grange, the Farmers' Union, the Society of Equity, the Gleaners and kindred organizations, soon probably to be affiliated in a nation-wide marketing company of farmers. The best interests of national welfare will be served in speeding this movement. This is in fact, the purpose of the Capper-Hersman and the Volstead-Capper bills, one of which undoubtedly will pass the next Congress.

In Answer to Senator Capper

By ROBERT H. MOULTON

THE "BEAR RAID," to which Senator Capper refers, was the drop in wheat prices following the restitution of trading in wheat for future delivery on July 15, after the absence of trading since the United States entered the war. Wheat, sold for December delivery, closed on July 15 at \$2.70.

Owing to the uncertainty of the world's supply and demand situation, the absolute lack of any interest in trading on the part of the public, and the overwhelmingly bearish sentiment existing throughout the world in commodities, connection with all wheat experienced a through practically the entire month of July, December wheat finally going to \$2.06 per

the reaction of wheat from lower levels, however, and following that another low price wave ensued, carrying prices to even lower levels, on October 4, than those which were witnessed on July 30. We may, therefore, inquire with propriety relative to the causes which brought about the second decline, inasmuch as that decline was considerably lower than the first level, against which Senator Capper writes.

Looking the Decline in the Face

FIRST, let us see what the Department of Agriculture has to say about the decline. In the *Market Reporter*, published by the United States Department of Agriculture, October 16, 1920, we find on page 250 the following statement:

The dominating factor throughout the week was the free offering in this country of Canadian wheat from Manitoba and Saskatchewan and of some Canadian flour, at prices below the American level. The weakness in Canadian exchange was a factor in this business. A prominent miller who had just returned from Winnipeg said that the weakness in Canadian exchange made a difference of nine cents a bushel in favor of the American buyer.

Canadian wheat shipments to this country was the paramount factor in the depression of prices, but there were other significant factors. On July 3, 1920, one expert on market prices and movements issued a statement to the effect that all signs pointed to lower prices for wheat and other grains. The statement was accompanied by a chart which showed the fluctuation in the prices of wheat paid to the producers from 1914 to May, 1920. The author of this statement then attempted to forecast the future course of wheat prices up to July, 1921. While he did not undertake specially the actual time at which a decline would take place, the chart nevertheless showed a steady decline of prices which would net the producer around \$1.85 per bushel for his wheat. Inasmuch as his forecast, so far as the decline was concerned, materialized, it is interesting to ascertain the facts which lay behind such a forecast.

He drew his conclusions practically from one premise, namely: "The unmistakable trend of commodity prices is certainly toward lower levels. While the fundamental position of wheat, statistically speaking, is strong (when we consider the world's supply and demand situation) yet statistics can not and will not sustain wheat prices at war levels when the positive trend of other commodities is downward. It is my opinion that this overwhelmingly bearish public sentiment, in conjunction with the Canadian crop movement and the general financial situation, will carry prices to levels considerably below the \$2.00 mark for wheat."

This prediction was made some time before future trading in wheat was resumed.

Examination of wheat prices during the period of heavy movement in the years 1917, 1918, 1919, when the government was in control, show that almost the entire movement took place at the minimum prices guaranteed by the government, whereas in 1920, between July 15 and October 1, wheat sold constantly higher than in corresponding periods under government control with the exception of the first business day in August, when it sold four cents below the old government guaranteed price. On October 1, Canadian wheat, thrown on the market in quantities, as already quoted from the government's *Market Reporter*, took the market to new low figures and that condition still prevails.

Wheat is a world commodity and conditions prevailing in the United States today do not

make wheat prices. The most dominant factor for the future will be the Argentine crop now growing and which will not be harvested until December or January. Future prices will depend very much upon the outcome of that crop below the equator.

An intelligent study, then, of wheat prices which have prevailed in the United States since July of this year reveals two dominant factors co-related to supply and demand: the general downward trend of commodity prices, and the offers of Canadian wheat in this country at prices below American levels. When we come to consider the factor of the amount of wheat in the world compared to the actual demand, we find that, so far as the well known statisticians of all countries have been able to ascertain, supply and demand are just about evenly balanced, despite Senator Capper's statement that "our domestic needs will be greater than ever." There seems to be just about enough wheat in the world to supply the world's needs. If severe drought, hot winds, or some other elemental causes should partially destroy the Argentine crop, then we might logically expect to see sensational rises in wheat prices around the first of the year. Today as we write the British strike is a temporary factor for price making, having already resulted in a third decline in the price of wheat because it is believed by those who buy and sell that the political and industrial situation in England is not conducive to good prices. This is only a minor factor, however, because it is well known that England has enough wheat already purchased and afloat to run her until after the first of March, 1921.

"A Piracy"

SENATOR CAPPER says that the decline in wheat prices is "a piracy of the gamblers" and "has taken in effect, \$259,000,000 from the country's growers of winter wheat in a single week, and robbed the Northwestern spring wheat growers of a prospective \$145,000,000, a total of \$404,000,000 from wheat growers alone and flour prices rising." In a later statement, if Senator Capper is correctly quoted by the press, he has run this total up to \$909,600,000.

Such figures are misleading in view of the fact that this year's wheat crop, approximately 700,000,000 bushels, will not and could not by any miracle be marketed all at once. One might, with equal truth and justice, claim that citizens of this country who invested in Liberty Bonds had been robbed of a billion dollars by the United States Government because of the decline in the prices of the bonds. True, hundreds, perhaps thousands have suffered a loss because of the necessity of selling their bonds. But that does not mean that all existing Liberty Bonds are worth a billion dollars, or whatever sum it is, less than their face value. Eventually holders of these bonds will not only be able to redeem them at their face value, but they may be able to dispose of them at even a higher price than that face value. Similarly, if the position of wheat is as strong as its friends contend, the farmers eventually and inevitably will get much higher than present prices for their product—possibly even much higher prices than the old government guaranteed price.

This is a period of economic readjustment and the scope of this readjustment is unmistakably reflected in reports from practically every line of industry and trade of importance. Liquidation is still being forced by sharply curtailed consumptive buying and restrictions on bank accommodations. Bear sentiment has gained the ascendancy the world over and now the popular theory is that



bushel. This is the decline which Senator Capper characterizes as "an infamous piracy."

During the weeks following Senator Capper's statement, December wheat rallied vigorously and on September 13 was again around the \$2.50 mark. The thirteenth day of September proved to be the high point for

things must come down. It is evident the government is offering all aid possible in lowering prices. There are restrictions on home producers, while everything is done to facilitate the importation of foreign stuff. Occasionally governmental officials and bankers make statements indirectly affecting sentiment at the expense of the grower.

In this process of readjustment of prices we must all bear our part. Evidence is available on every hand that manufacturers in almost every line—automobile, clothing, rubber, lumber—have made drastic cuts in their products notwithstanding that their supplies were purchased at war prices and that they are still paying war prices for labor.

Again the senator says: "The war has proved to us that we do not require an option market in order to handle cash grain. We also know that the hay crop, beef products, and other lines of as great magnitude as the grain business, are handled without any trading in futures."

Answering this it should be said, in the first place, that there is no such thing as an "option" market on the Chicago Board of Trade. There is a "future" market, meaning a market in which grain and provisions are bought and sold for delivery on any business day of a certain designated future month. Thus, grain bought, say in August, for December delivery, must be delivered to the purchaser by the seller on some one of the business days during the month of December. There is nothing "optional" about it; every

contract made on the Board of Trade is enforceable and is enforced.

It is true, as Senator Capper says, that there is no future trading in hay or beef products. And why? For the simple reason, that every one who is at all familiar with the subject knows, that neither hay nor beef products can be standardized. Wheat, corn, oats and other grains are standardized by grades established by the Federal Government. But it would be physically impossible to standardize hay because it is too bulky. If it were possible to standardize hay, and to sample it as is done with wheat, corn and oats, it is indisputable that grades would have been established by the Federal Government long ago and that future trading in it would have followed. In the case of beef products: beef is a perishable commodity and manifestly for this reason it cannot be standardized. On the other hand, pork when salted is not perishable and consequently there is and long has been future trading in it.

Referring again to Senator Capper's statement that notwithstanding the big decline in the price of wheat, "flour prices have continued to rise": Examination of the *Daily Trade Bulletin*, published in Chicago, shows that on July 15, the date on which trading in wheat was resumed on the Chicago Board of Trade, the price of flour was \$14 to \$14.25 per barrel. On August 21, the date on which the Senator's statement appeared, flour was quoted at \$11.75 to \$12.00 per barrel, thus showing a decline of approximately \$2.25 per

barrel during the period mentioned. At the date of this writing, October 23, flour is quoted at \$10.85 to \$11.00, a decline of approximately \$3.25 per barrel from the high point of July 15. All of which completely refutes Senator Capper's claim that there was a "rise" in flour while wheat was declining.

If, as Senator Capper so vehemently asserts, the Chicago Board of Trade was responsible for the recent decline in the price of wheat, then it was equally responsible for the high prices which the farmer received for his products during a period of five years. Yet it is not on record that either Senator Capper or the farmers of the country objected to those prices or, holding the Board of Trade responsible for their existence, made any public acknowledgment of the Board's munificent action. As a matter of fact, the Board of Trade was no more responsible for the recent decline in the price of wheat than it was for the high price of the same commodity which obtained during the war. In each instance it was the working of the inexorable law of supply and demand.

In spite of Senator Capper's charge that the Chicago Board of Trade is nothing more nor less than "a den of thieves," it is probable that the fair-minded and enlightened citizen will prefer to accept the calm and reasoned statement of that other American, Herbert Hoover, who declared, before a committee in Congress, that the Board of Trade was "the most economical agency for the distribution of food in the world."

Relief for the Street Railways

Membership of the National Chamber is to vote upon recommendations prepared by the Committee on Public Utilities

DEFINITE recommendations looking to an improvement of the situation of the country's electric railways have been put to a referendum vote of the membership of the Chamber of Commerce of the United States. They were prepared by the Chamber's Committee on Public Utilities after some months of study.

Setting forth that transportation facilities have been placed in a critical position by conditions over which operating companies have had no control and for which the public generally has made no adequate provision, the committee declares that even though there is no central body, such as Congress, to deal in one measure with local transportation in all parts of the country, means of relief can be found that will have general applicability. The recommendations of the committee are summarized as follows:

1. The Federal Commission found that the electric railway industry is without financial credit and is not performing properly its public function. The commission concludes that the first essential is to restore credit to the street railways in order that they obtain necessary new capital for the extension and improvement of service. In this finding and conclusion your committee concurs, and it recommends that as the first step in bringing about this result existing traction facilities should be conserved. The attitude taken toward them by the public must be constructive and not destructive. The point of view must be that local transportation is an industry to be fostered and developed, with ample provision for correcting abuses and for preventing anyone from taking unfair advantage of the public attitude.

2. In the United States one great cause for public indifference to the situation of local street railways lies in widespread belief that in the earlier history of many traction companies there was financial mismanagement. Even in cases where this has been

the fact, however, it becomes relatively unimportant at this time, inasmuch as the problem should be approached from the point of view of the value of the property used for the public service rather than from the point of view of the outstanding securities. If it be conceded that the public interest is to obtain good service at lowest cost and that street railways are essential and necessary, then the sensible way to deal with the problem is to permit existing organizations and present properties to earn a sufficient sum over their operating expense to induce investment of capital for extensions and improvements to existing facilities. It is not a question of past financing but of present earnings and there should be provided a margin sufficient to attract new capital. This will result in the end in the most efficient and cheapest service to patrons of utilities and to the public in the communities served. Believing that this position is in the highest public interest, the Committee recommends that the attitude which is now taken toward street railway problems should be based upon the present and future needs of the community, and not upon earlier conditions. Equitable readjustment and not past performance is the immediate problem.

3. A canvass of every consideration that has been brought forward in support of public ownership has resulted in the Committee's finding in it no solution for present problems or means for meeting future requirements. The committee accordingly recommends that the attitude which is taken toward street railway problems should contemplate private ownership and operation of local transportation facilities.

4. Regulation is recognized as a necessary corollary to private ownership and operation. The purpose of regulation is to conserve the public interest and the public interest centers in adequacy of service at reasonable rates. As adequacy of service is possible only from an enterprise that can command capital with which to provide the facilities the public interest requires, regulation must in this regard contemplate the situation of the companies that are regulated. Both for the present and the future elasticity should be substituted for rigidity.

Through public authority provision can be made, on the one hand, to adjust charges for service to yield revenues that are adequate for proper conduct of the utility. Moreover, adjustments through regulation must promptly follow the conditions that call for them; for every delay in the application of a remedy that bears upon a matter of public interest is detrimental to the public itself. The Committee accordingly recommends that regulation should everywhere be instituted that will promptly follow changes in the situation of the companies rendering services of local transportation.

5. Whatever the form regulation takes, it involves duties on the part of the public as well as on the part of the companies. One of these duties is to protect a company serving the public from unfair competition from any source. This does not mean that local transportation as it now exists should be perpetuated regardless of advances that may be achieved in the art of transportation or in the science of regulation. It does mean, however, that a company which is rendering service and should be developed in efficiency should not be subjected to competition from any other source which is not under corresponding regulation and obligations. The Committee recommends that careful provision be made to prevent the disastrous consequences of unfair competition.

6. The whole purpose of regulation likewise implies that the companies subject to regulation should be responsible only for performing the service they have undertaken. Their efficiency and the reasonableness of their rates of charge are the matters which should have undivided attention. Reasonableness in rates should be decided only with reference to the service that is rendered. In other words, the rates charged for street railway transportation should not be made an indirect method of taxation for the community. A street railway company should be taxed only on the basis of other comparable taxpayers. Your Committee recommends that all burdens placed upon street railway companies, and unrelated to the performance of the service they render the public, should be discarded.

STRAIGHT LINE METHODS

The Law of Credit

Your Facts and Your Figures

Credit is the expression of trust—the belief in a man's *ability* to meet his financial obligations. In business, as in all human relations, trust is the inspiration to large accomplishments.

To a merchant, credit is largely a matter of rating and collections. But to the Banker, in the financing of business, credit *must* be an *exact* science. Only on facts, deducted from, and supported by, figures may the Banker safely extend the credit desired—safely for your welfare, safely for his own.

Safety, these days, is the new law of business preservation. The Banker is the judge. In extending credit he must follow conservative as well as constructive policies. Your facts and your figures are his guides—his only laws.

Are you able to present them—clearly, fully? You cannot avoid facts and figures. They are vital to your business, protective and constructive.

Thru monthly Balance Sheets, Operating Statements and, above all, thru a well-planned Business Budget, showing close observance and frequent checking, *you* make the laws which your Banker *must* obey in the granting of credit.

In this connection, the

Straight Line Methods

OF

ERNST & ERNST

offer a superior service. They are applied to your particular business by trained experts—men thoroughly versed in the principles of Accounting and Cost Finding, with long experience in many and varied lines of business, nation-wide in scope. They are operative individually and collectively in 25 cities.

ERNST & ERNST

AUDITS - SYSTEMS
TAX SERVICE

NEW YORK
PHILADELPHIA
BOSTON
PROVIDENCE
WASHINGTON

CHICAGO
MINNEAPOLIS
ST. PAUL
ST. LOUIS
KANSAS CITY

CLEVELAND
BUFFALO
PITTSBURGH
DETROIT
GRAND RAPIDS

CINCINNATI
INDIANAPOLIS
TOLEDO
ATLANTA
RICHMOND

NEW ORLEANS
DALLAS
FORT WORTH
HOUSTON
DENVER

STRAIGHT LINE METHODS

7. The kind of regulation the Committee recommends is responsible regulation. Both the public and a company which serves it should be able to look to a single agency of the public—whether a local official or a board or a public utilities commission—as directly and solely responsible for the application of regulation. Responsibility for exercise of the public function involved in finding facts and applying to them the principles which have been laid down by the public should be clearly located. In matters of public importance there should be no division of authority; for division of authority is almost invariably followed by escape of everyone from responsibility for performance of the public function. The Committee recommends that official responsibility should be definitely and unmistakably fixed for the application of the regulation that has been decided upon.

8. Adequate provision for having the public informed regarding the company and its operations and for having the company acquainted with the needs of the community will serve to prevent controversies that may have little relation to facts and to concentrate attention upon the one question which is of paramount importance to the company and to the public—adequate and efficient service at the lowest rates consistent with the maintenance of such service. To this end the committee recommends that a company providing local transportation should seek to have available for the public at all times the facts as to the results of its operation and should always have resident responsible executives wholly conversant with local requirements.

In connection with the recommendation that regulations should follow changes in the situation of the companies, the Committee takes occasion to call attention to the so-called service at cost plan, but makes no specific recommendation as to its general adoption or rejection.

The members of the Chamber's Public Utilities Committee signing this report are: Lewis E. Pierson, chairman, board of directors, Irving National Bank, New York; Arthur W. Brady, President, Union Traction Company, Anderson, Indiana; F. B. De Berard, director of research, Merchants' Association, New York; E. K. Hall, vice-president, American Telephone and Telegraph Co., New York; Albert W. Harris, president, Harris Trust and Savings Bank, Chicago, Ill.; J. W. Lieb, vice-president, New York Edison Company, New York; H. L. McCune, of the firm of McCune, Caldwell & Downing, Kansas City, Mo.; John W. Van Allen, of the firm of Wilcox and Van Allen, Buffalo, New York; P. N. Myers, president, St. Paul Association of Public and Business Affairs, St. Paul, Minn.; Henry G. Bradley, president, Stone & Webster, Boston, Mass.

"Dora" to the Rescue

DORA was a famous personage in England during the war; for in a time when titles multiplied to the point of bringing on a plague of abbreviations the four letters in the name became the popular designation for the Defense of the Realm Act. This law was the statute under which the British War Cabinet exercised all manner of emergency powers.

The coal strike in England, which came to an end on November 8, and in which the railroad men and the transport workers at one time threatened to join, led to enactment of a new "Dora," but on this occasion entitled the Emergency Powers Act. It applies to England, Scotland, and Wales.

Under this law, the emergency powers come into existence whenever it appears to the government that any action has been taken, or is immediately threatened, by any person or body of persons of such a nature and on so extensive a scale as to be calculated, by interfering with the supply and distribution of food, water, fuel, light, or other neces-

sities, or with the means of locomotion, to deprive the community or any substantial part of it of the essentials of life. Thereupon, a proclamation of emergency is to be issued and the government may establish and enforce regulations for securing the essentials of life to the community. Violations of the regulations may be summarily punished by imprisonment for three months and fine of \$500.

One of the unexpected incidents of the coal strike in England was the shortage of fuel it brought upon the miners themselves. Deprived of their usual allowance of coal from the mines, they were among the first to feel the pinch. There was a decided pinch for everyone else, too. Without waiting for enactment of the Emergency Powers Act, the government issued orders under the old wartime "Dora." After October 16 a householder could obtain and use no more than one hundred pounds of coal a week, and people who had as much as half a ton in their bins could get none at all. In factories the amount of coal that could be used was reduced to one-half the normal consumption. The quality of gas was cut, and illuminated signs became dark. The sugar ration was cut by a third, and any person who acquired a supply of foodstuffs for more than a week was in danger of going to jail. England girded up its loins in good earnest.

The States and the I.C.C.

DECISION of the Interstate Commerce Commission as to its authority, under the Transportation Act, to readjust intrastate rates when discriminatory against interstate commerce, is being awaited with keen interest. Upon it is expected to depend, to a very important extent, the financial return which the carriers will be able to earn under the new schedules of rates which went into effect on August 26.

While the question was brought before the Interstate Commerce Commission through refusal of the Illinois and New York state authorities to increase state rates in conformity to interstate rate increases placed in effect by the commission last August, it was also involved in similar proceedings that have come up in 45 of the 48 states growing out of the commission's order.

The Bureau of Railway Economics estimates that the amount in rates involved in the controversy over the commission's authority to fix state rates "might easily be \$100,000,000 or more." Of this amount \$90,000,000 would most likely be involved in freight rates alone. No matter what interpretation the commission gives to the act, the United States Supreme Court is expected to be asked to pass finally upon it.

Of the 45 states before which the matter of approving the higher rates has been presented, 20 authorized the putting into effect, without qualifications, of the freight rates provided for by the Interstate Commerce Commission while 22 gave similar approval to the passenger rate increases. Kentucky, Connecticut and Delaware, in both instances, authorized similar increases without separate action by the state commissions.

Sixteen states authorized increases in intrastate freight rates to the same extent as ordered for interstate traffic by the Interstate Commerce Commission, but with certain exceptions to the straight percentage increase; four authorized freight rate increases below those of the federal commission while one state, Nevada, denied outright the carriers' petitions for advanced rates.

As to passenger rates, fifteen states refused to order increases; three allowed increases

with qualifications while New Mexico denied the carriers' applications on the grounds that fares in that state were already on a basis of four cents per mile. Utah, on the other hand, granted the same percentage of increases authorized by the commission, but provided that no fare should exceed 3.6 cents per mile.

During hearings on the question before the commission, John E. Benton, general solicitor of the National Association of Railway and Utilities Commissioners appeared on behalf of the state bodies while Alfred P. Thom, general counsel for the Association of Railway Executives represented the carriers.

Mr. Benton opposed authority of the commission to interfere with intrastate rates, arguing that as far as regulation of those rates was concerned, Congress, through enactment of the Transportation Act, did not broaden the commission's powers. He also contended that a mere difference in rate levels did not constitute proof of discrimination and that it was not the intent of Congress to confer on the commission such powers as would enable it to fix intrastate rates.

That the commission has ample power under the act to adjust state rates which discriminate against interstate rates was argued by Mr. Thom. The Transportation Act, he said, accepted a national view of transportation and made the whole rate structure a matter for consideration of the commission.

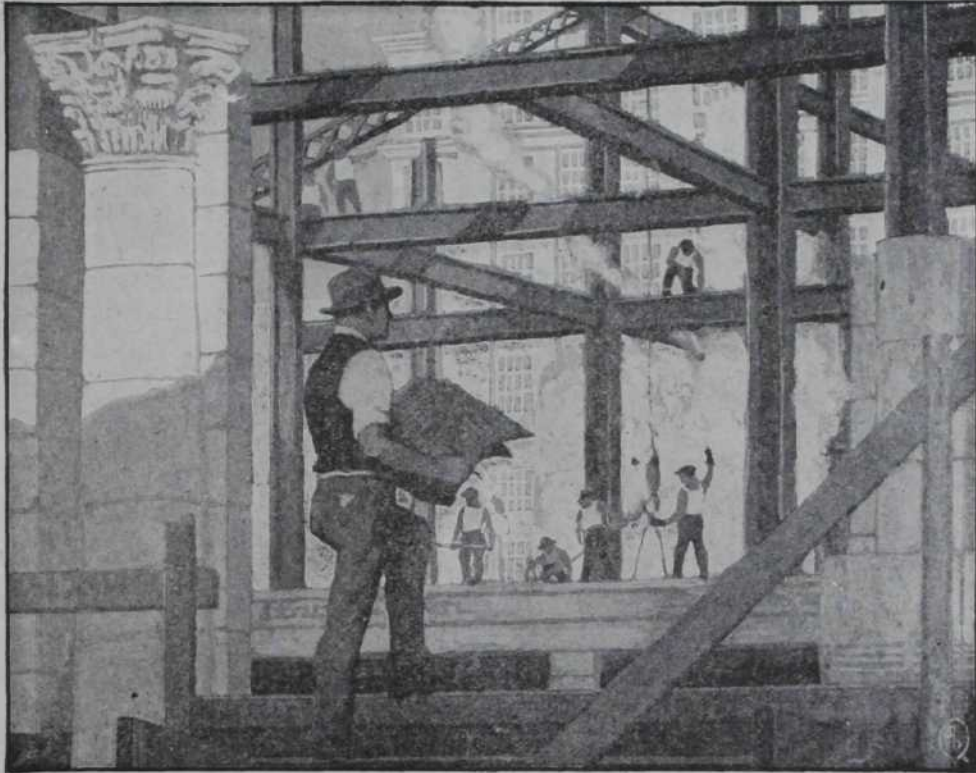
Mr. Thom also contended that the cost of transportation must be distributed among all the users and that the act authorized the commission to do that. He also said if the commission should delay granting the relief sought by the railroads it would be failing to carry out the mandate of the act unless it immediately reopened its recent decision granting the rate increases and increased interstate rates sufficiently to make up for the loss in revenue from operation in intrastate commerce in states refusing to grant increases.

The Travels of Russian Treasure

GOLD in 300,000-pound lots is not exactly common, but that is the amount out of the Russian hoard which Admiral Kolchak captured and afterward carried about with him in a special train. Some \$90,000,000 he sent to Hongkong to pay for munitions, with a loss of \$10,000,000 through "evaporation" in transit. When disaster overtook Kolchak, he had about 200,000 pounds in his train. After the disaster, in the course of which chests of gold were broached with crowbars and other handy implements, considerable quantities of the gold became scattered. In fact, it is still being searched for among the peasants of Siberia.

The 300,000 pounds, however, were only a portion of the Russian gold hoard as it existed at the beginning of the revolution. Before the revolution, as much as \$300,000,000 of the original \$800,000,000 had been shipped from Russia through Siberia to Vladivostok, whence Japanese cruisers freighted it to Vancouver on its way to New York and London to pay for Russian purchases. After the revolution, the Bolsheviks, according to their treaty of Brest-Litovsk, delivered to Germany something like another \$300,000,000 as a price for peace. This handsome windfall remained with Germany only until the armistice, when it had to be handed over to France for safekeeping and is supposed to be safely stored in the vaults of the Banque de France.

These are some of the vicissitudes of the greatest gold reserve in existence in 1914.



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Ignorance and the Eleven Million

One-seventh of our laborers are Negroes; how can the nation profit if so great a percentage of its people remains in profound and dangerous ignorance?

By L. H. HAMMOND

THERE are about eleven million Negroes in the United States. They supply one-seventh of the country's laborers. They have always been vital to southern agriculture, in which, as the census of 1910 showed, three-fourths of them were still engaged. Now the war has made great changes. Not only have several hundred thousand of the better class of colored workers left the south, but southern cities have drawn many from farm life to new and enlarged industrial opportunities.

This shifting of large numbers of Negroes from the farm and from domestic service in the towns to employment in industrial and commercial enterprises has created new contacts between the races. The southerner who believes today that the national problem of justice between the races must be worked out chiefly in and by the South is keenly interested in the new developments.

The problem, however, is national. For, while the south is still the home of a large majority of the Negro race, they have gradually spread out to become a considerable factor in the industrial and commercial life of the entire country. Whatever may have been the preconceived ideas of various sections, we are bound to realize that the Negro is here to stay and has become an important part of our commercial and industrial forces.

The High Cost of Cheap Labor

SOUTHERN farmers, in the mass, have not yet realized the size of the bill that ignorant and shiftless labor yearly forces them to pay. They take it as they find it, regarding it as a tool, shaped and finished, however poor. It should be regarded as a force, capable of new developments and applications. The up-to-date business man so regards his labor. Climate offers him few advantages in competition, but among the outstanding factors of his success are the intelligence of his employe, the man's satisfaction in his work, his mental and spiritual development. North or south, the industrial leaders of the country are more and more thinking of their employes in human rather than racial terms: Slav, Italian or Negro, owner and worker must prosper together.

As a race, when let alone, the Negro is loyal to his employer; but, like other ignorant folk, he is credulous, easily deceived, and susceptible of being led. With proper leadership he can be relied on to go far; how far, only future centuries can show. The ignorant Negro leader, on the other hand, is a dangerous person, because his very ignorance makes him and his followers tools. This fact has been clearly demonstrated in the last few years, and the contrast is marked between those sections where uneducated leaders dominate the race and where leaders are men who have received college training. Not only do the business men of the South realize the necessity for educated leadership, but the thoughtful men among the Negroes themselves are most anxious to have trained and enlightened leaders.

The outstanding fact in race relations is the south-wide organization, during the last few months, of inter-racial committees which are

Every Tenth Citizen

NEGROES form about one-tenth of our entire population. Most of them live in the south. The ignorant Negro—sullen and easily led—is often a dangerous citizen.

Evidence of the growing desire in the south to get the best qualities out of its black men appeared some time ago in a full-page advertisement prepared by the Chamber of Commerce of Pine Bluff, Ark. It said, among other things, that "every proper means should be adopted by the white race looking to the sane encouragement of the Negroes among us . . . that they may be made to realize a community of interest with the white people, and may feel a well-grounded confidence in our interest in their welfare."

It takes all sorts of persons to make a community. They go backward, mark time or advance together.—THE EDITOR.

bringing these educated negroes into communication with the leading white men of their communities. The central Inter-Racial Committee, with a prominent Georgia business man as its chairman, has its headquarters in Atlanta; but there is a state organization in every southern state, with local committees in 750 counties—and more to follow. Some committees are bi-racial; in others the races are separately organized, but meet to deal with mutual problems and interests. Many lynchings have been prevented by this simple plan of uniting the law-abiding whites for coherent functioning; and many grievances of the negroes have been, and are being, redressed. White business and professional men, as well as many religious leaders, have learned, through these newly-opened channels of communication, of wrongs and needs of which they had been ignorant; and the movements for negro betterment are feeling the result.

The trend toward better education has grown stronger for years. It has been greatly aided by the cooperation of northern philanthropic agencies with southern state and county authorities, until thoughtful business men are realizing the moral and economic value of negro education. In North Carolina, for instance, in the counties long supplied with Jeanes industrial teachers in colored rural schools, not only has the taxable wealth of the negroes greatly increased, but the yield of white-owned farms has risen because of the greater intelligence of the colored laborers. A leading southern authority recently stated that agricultural teaching has in the last few years added five dollars per acre to the yearly yield of 40,000,000 acres of

southern farm land. Through the inter-racial committees already referred to, this view of the economic interdependence of the races is filtering into belated communities, while progressive centers set constantly higher standards.

Louisiana, last year, called for 1,000 additional colored teachers, and actually trained nearly 800 in thirty-five six-weeks summer schools. The Alabama state board of education carried out this summer a broad summer-school program. North Carolina has just voted to establish a training school for negro teachers which shall duplicate the best white normal school in the state. South Carolina last year gave \$70,000 to improve her normal school for negroes. Kentucky has just made \$75 per month the minimum salary for any teacher, white or black, in any state-controlled school; and requires the same examinations for teachers of both races. This state is passing through an epidemic of bond-issuing for colored schools in amounts of from \$10,000 to \$200,000. A Louisiana town of 15,000 has floated a bond issue of \$200,000, three-fourths of which is for colored schools. Shelby county, Tennessee, will have thirteen new rural schools for negroes this year, each with a playground of at least two acres.

The movement toward better health is also growing, led by Virginia and North Carolina, and reinforced of late by a number of Chambers of Commerce as well as by various inter-racial committees. In the light of the negro migration the labor shortage caused by the abnormal death-rate among negroes looms large; and the menace of 600,000 tuberculous negroes to the happiness and prosperity of both races is teaching us that no man lives or dies to himself. Negro housing and sanitation are being investigated by white business men, and higher standards of living are seen to be necessary. The North Carolina state boards of health and of education are jointly organizing the educated negroes of each county in the state into Community Leagues to fight tuberculosis and insanitary conditions. A moving picture car in charge of a trained worker tours the state, giving a week to each community where the negroes are organized, and showing films on tuberculosis and other specific diseases, as well as on health and educational topics generally.

Commercial Bodies Lead the Fight

NINETEEN Chambers of Commerce have undertaken some form of cooperation with negro leaders for the betterment of negro life and of racial relations. The Chamber of Norfolk, Va., was the pioneer; and the list includes New Orleans, Pine Bluff, Memphis, Knoxville and Nashville, as well as some smaller organizations, such as Brookhaven, Miss., where the Chamber secured a colored public health nurse. The first step is usually to get in touch with negro leaders, to learn their needs from their point of view. Many causes of friction are being lessened, and better treatment for negroes secured on street and railroad cars, at ticket windows, and in other public places. The Pine Bluff Chamber appointed a bi-racial committee and published

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will enable you to locate every leak; to plan manufacturing activities intelligently; to establish fair standards of production; to obtain exact records of productive and non-productive time; and finally to

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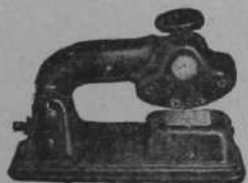
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NON-PRODUCTIVE LABOR

DATE: 6/14/20
STATION: 520
ACCOUNT NO.: 1.8

PRODUCTIVE LABOR

DATE: 6/14/20
STATION: 3335
ACCOUNT NO.: 5817
531

DELAY CARD

NAME: D. Schwartz
UNITED RAILWAYS COMPANY OF ST. LOUIS
MECHANICAL DEPARTMENT
OPERATION TIME CARD
ACT. No. 100696 OPERATION No. A-201
OPERATION: Winding S.E. 54 Armature
CHARGE No. Account 33-A

SEP 21	9 0	STOP	STANDARD TIME
SEP 21	5 2	START	5.5
Day Work Time	3.8	Premium Work Time Today	X
Gang Work	X	Total Previous Time	3.8
Finished	X	Time Gained	1.7
Unfinished		Bonus Time	.8
		J. E. Fletcher Foreman	

their names in the daily papers, with an invitation to "any respectable negro in the county" to bring before it his grievances or his suggestions for the betterment of the existing order. The inter-racial committees are greatly extending this form of cooperation.

The work of the Nashville Chamber of Commerce is of especial interest. The Chamber has employed a white lawyer to give his entire time to watching the interests of the poorer negroes in the petty courts. His experiences have been a revelation to many of the men interested; and the cooperation of court and city authorities is being enlisted. This effort for better justice in the courts is also being taken up by the inter-racial committees. In Georgia a number of judges this summer have especially charged juries in regard to the negro's legal rights. The attorney-general of Virginia is county chairman of his home inter-racial committee; and the county solicitor of an Alabama county has publicly invited the negroes of his county to bring their difficulties to him and get advice free of charge. A Georgia inter-racial committee has taken up a gross injustice against a negro of that state, and propose to carry it to the Supreme Court of the United States, if necessary.

In Louisiana last June a statewide conference of white men was held, to consider negro welfare in that state. The meeting was called by nearly one hundred citizens, including officers of Chambers of Commerce and Rotary Clubs, bankers, educators, lawyers, the heads of great industrial enterprises, and some of the leading editors of the state. They have published their program in a pamphlet which touches every phase of the south's bi-racial life, and which emphasizes the negro's right to justice and opportunity, the white man's duty to the less-developed race, and the economic necessity for cooperation if either race is to fully prosper.

Three southern governors—those of Kentucky, Tennessee and North Carolina—have shown their determination to protect negroes to the point, if necessary, of firing on white mobs to do so; and the governor of Tennessee has assisted in the most remarkable law-and-order campaign ever staged before an American state. A week was set aside by proclamation for the intensive instruction of citizens of both races in the rights and duties of citizenship. Courts and public schools adjourned for the meetings, and judges, teachers, state and county officers, ministers, Chamber of Commerce and Rotary officials, doctors and editors addressed audiences of both races, in town and country, all over the state. A Law and Order League of

each race is functioning in every corner of Tennessee, the local organizations being everywhere in touch.

Still, the millennium is not with us. Reactionary whites and unduly aggressive negroes continue to make trouble for sane leaders on both sides. But the best in both races are coming together, and progress is being made. The psychology of the whole movement is the basic necessity for good will, and for cooperation for justice, peace and prosperity. After many years the walls of ignorance are being pierced, deep-seated prejudice is being gradually overcome so that misunderstandings are fewer, each side is growing more tolerant of the rights and opinions of the other, and the two groups are becoming

Not many centuries ago this man's ancestors were jungle people. A captain of a northern slave ship, probably, brought them across from Africa and sold them to southern plantation owners. It is useless to quarrel now about the blame. The only thing left is to fit the Negro to serve the best interests of the country.

Photo by Harria & Ewing.



acquainted with one another as human beings, with common fundamental human needs.

Steering Wheels and Road Rules

IN ENGLAND the rule of the road is the opposite of the rule of the road in the United States—keep to the left, instead of keep to the right. Consequently, on most British motor cars the steering wheel is customarily on the right hand side. In 1920 the subject has been receiving considerable attention on the part of the British authorities, and the British press, in connection with public safety, and in connection with the left-hand drive which is characteristic of a good many of the makes of American motor cars that have been imported into England.

It is true that a number of American automobile manufacturers have made a special machine, equipped with right-hand

drive for the purpose of meeting the requirements of markets where right-hand drive, by reason of left-hand traffic rules, has been substantially in demand. On the other hand, a number of American cars have been exported to the British market with the customary American left-hand drive. Prominence was given in England to a number of accidents that were attributed to left-hand drive, and as a result the British Ministry of Transport took up the question and made an investigation.

A Blow at Trade

SOME American automobile manufacturers regarded the case for making right-hand drive compulsory on automobiles in British traffic as an attempt against the American motor vehicle.

The British Department of Overseas Trade has recently communicated to the British Embassy in Washington specially on the subject, showing the result of the investigation by the Ministry of Transport. The summary of the matter as presented by the Department of Overseas Trade is interesting, not only as regards the specific decision to the effect that the number of accidents due to left-hand drive is insufficient to ban the left-hand drive automobile from the British roads, but also as controverting the idea that there was any campaign being actuated by private interests in England against American automobiles as such.

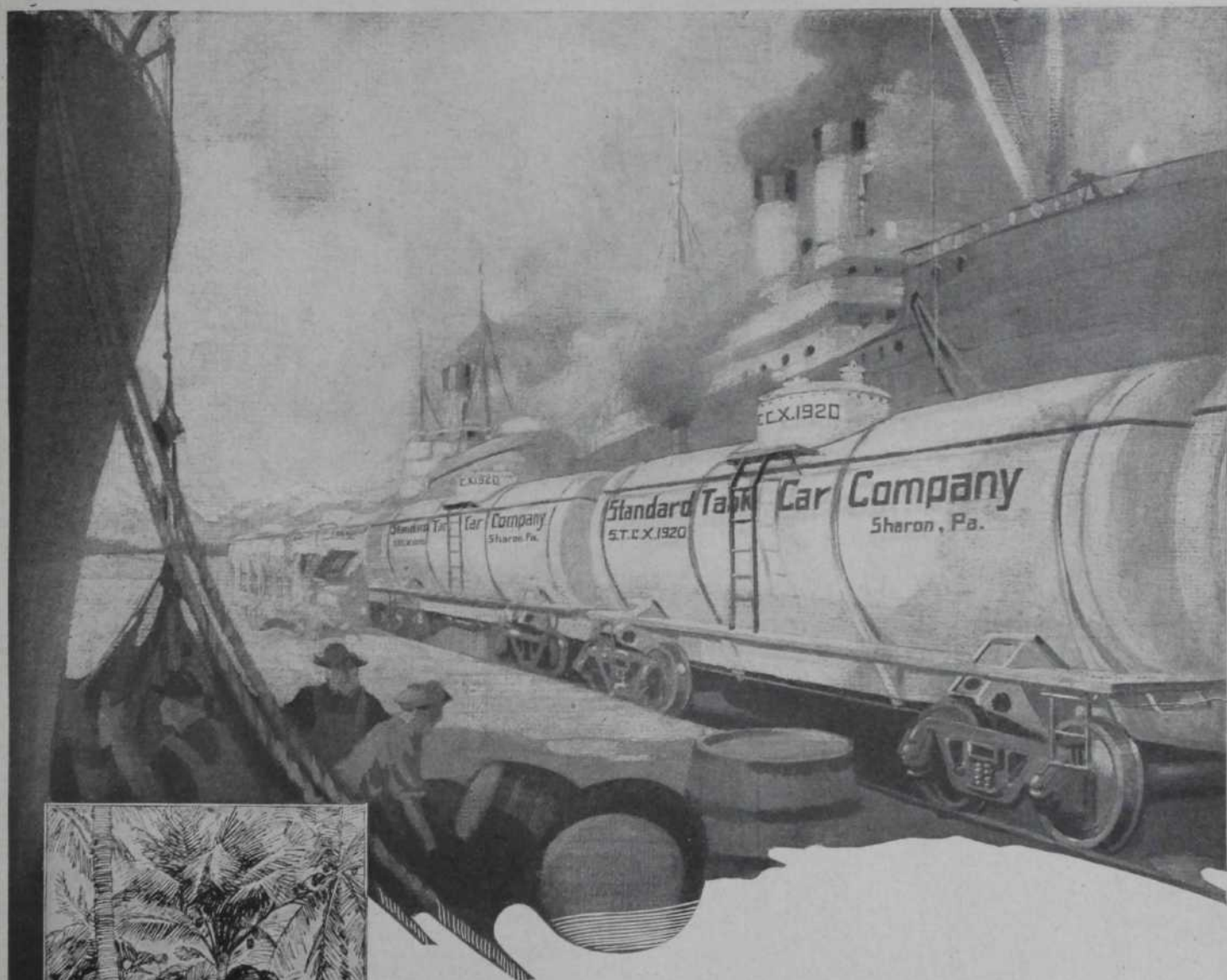
The statement of the overseas department covers the subject as follows:

"The question was raised by a government department connected with the Ministry of Transport, and the press has on the whole been quite neutral on the subject, merely grouping the opinions of its readers. The government department concerned has now decided that the number of accidents due to left-hand drive for automobiles running on British roads is insufficient to make a rigid rule banning the left-hand drive automobile. These facts ought, I think, to be laid before the American public, as it is not desirable for them to think that there is any public outcry raised against

American products as such. As the matter was raised by a government department, in the interests of public safety, I think it can be assumed that it is above suspicion of partiality, and as it has been settled so as not to affect the trade in American cars, there would appear to be no reason for continuing the matter any further."

It is interesting, further, to note that the British builders of the better known makes of passenger automobiles, who have been interested in the opportunities for their product in the American market, have been advised by British Government trade representatives here to conform to the American practice and place the steering wheel on the left-hand side of any cars destined for the United States.

Thus perishes another misunderstanding that had been doing its bit to increase the inevitable frictions of trade.



Transportation that Serves to Keep the Nation Clean

The status of a nation's civilization is marked by its use of soap. The comfort of cleanliness and the health of sanitation are dependent upon it. In the countries of Europe where war and revolutions have disrupted industry's "service of supply," suffering from lack of soap comes next to that from want of food.

Tank cars, swift, capacious and reliable, go a long way towards stabilizing the great supply of soap required for America. They are carriers for various imported and domestic vegetable oils—cocoanut, olive, cotton-seed, peanut, soya-bean—that are the principal raw materials from which soap is made.

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Standard Tank Cars

With Arrival of Winter the Business Horizon Is Obscured, but There Is Reason for Cheerfully Facing the Future

By ARCHER WALL DOUGLAS

WE ARE over the top and on the down grade in most phases of industrial and commercial life, although there still continue to be exceptions to this general statement. Finished lines of metals, drugs and automobile accessories are among the most notable exceptions. More especially as to price changes, which are few, as yet, in these particular branches of business. Demand in all lines is slackening. It is everywhere a case of most conservative buying rather than any great increase in supply. We are having a vivid illustration of how our usual volume of business is made up largely of things

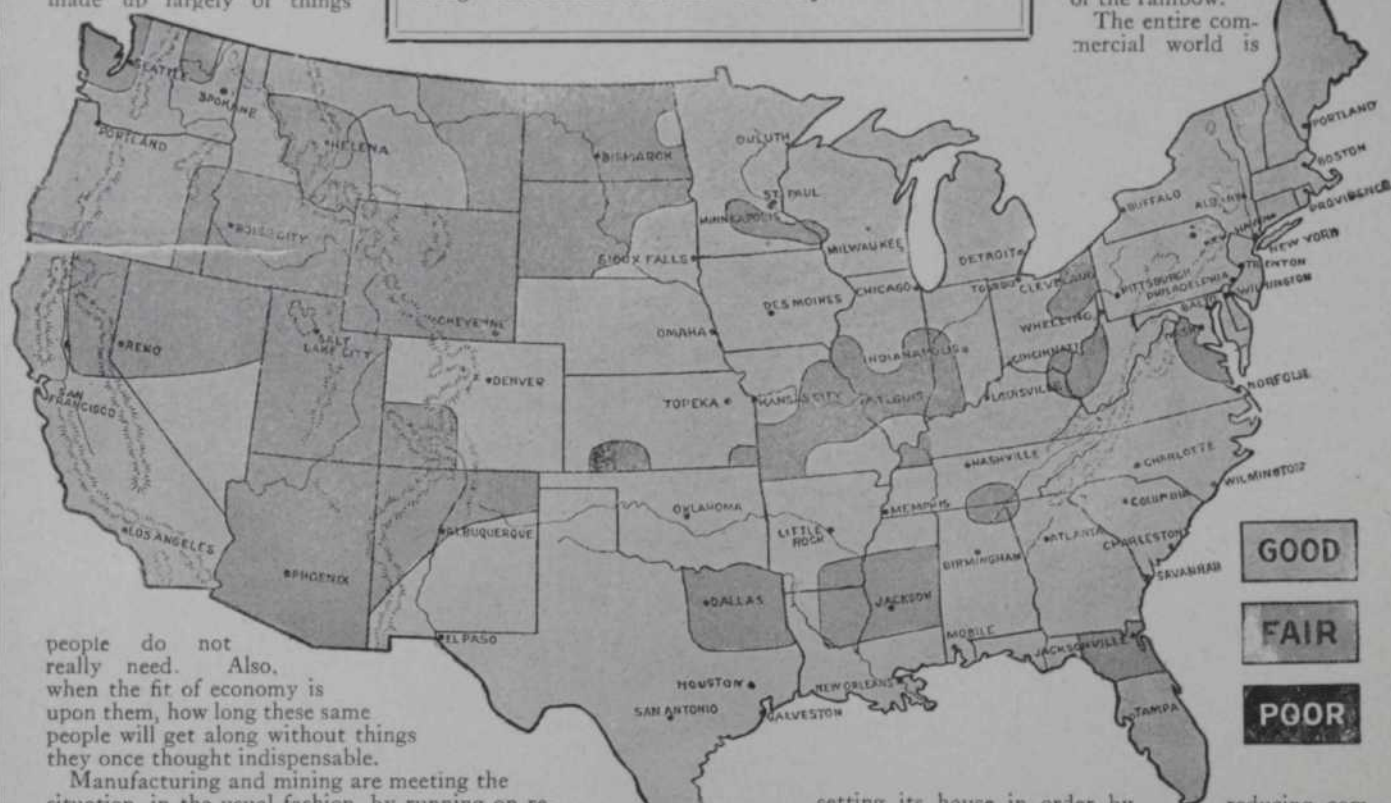
exigencies of the occasion as to how to maintain adequate production at reasonably remunerative prices. Industrial life, in time, will doubtless be more democratized than at present but we are not headed in the direction of running factories by committees. Winning football teams are democratic affairs

and triumph because of their team work. But discipline, order and obedience are the essentials of their success. For we have learned, as in the book of Job, that a man cannot fill his belly with the east wind. And, alas! that the millennium still lies at the end of the rainbow.

The entire commercial world is

Business Conditions, November 11, 1920

THE MAP shows at a glance the general condition of the country. It is prepared by Mr. Douglas as a weather map of business. The light areas indicate promising crops, industrial activity, the creation of new needs in home, shop and farm—in a word, "high pressure" buying markets. In the black areas these conditions are lacking, for the time being. The shaded areas are "half way."



people do not really need. Also, when the fit of economy is upon them, how long these same people will get along without things they once thought indispensable.

Manufacturing and mining are meeting the situation, in the usual fashion, by running on reduced time or shutting down altogether. This has already meant, in some cases, reduced wages for labor. Zinc, lead and copper mines see no cause nor call for going on producing when they cannot sell all the ores they have been mining, and when prices keep on declining. Just now the need of the country seems to be more for consumption rather than more production.

Talk of stabilizing prices, so as to save the situation, no longer interests any one save a few hopeless theorists. The laws of supply and demand are back on the job and will, in time, regulate matters, after the old fashion of nature's own creation.

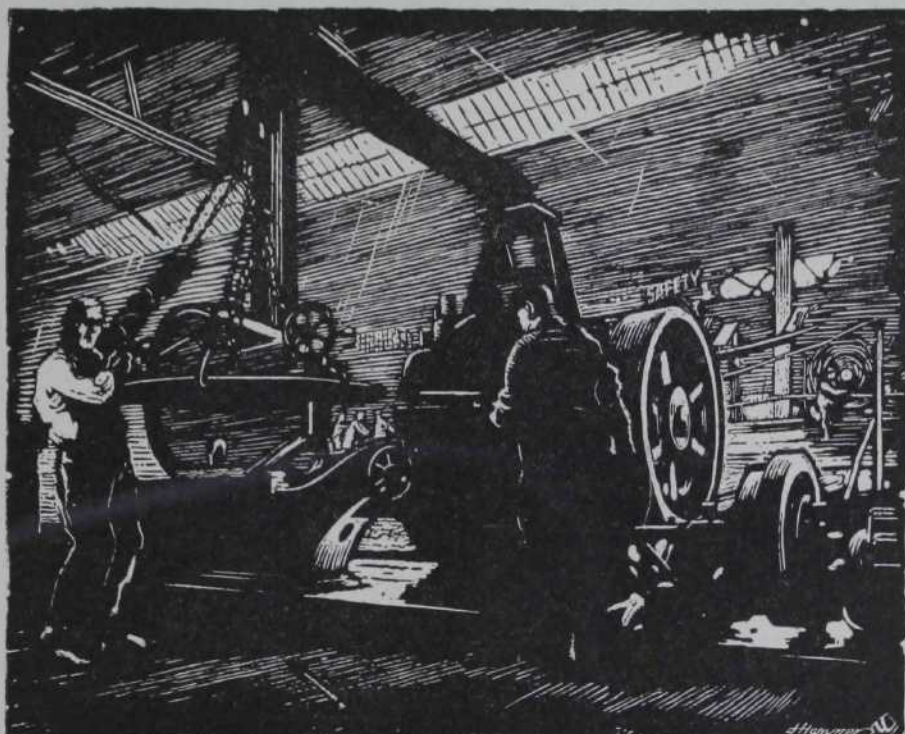
The entire business world is steadily trending to that readjustment which we have talked about so long. We have been through it before, several times, and we will go through it again, and successfully. This time it is robbed of its greatest terror, financial panic and ensuing disaster. And through it all, the Federal Reserve Bank System will be a refuge, like unto the shadow of a great rock in a weary land.

Theories of great and startling changes in the framework and organization of manufacturing life are dying out in view of the

setting its house in order by reducing commitments, collecting outstanding accounts, and bringing down stocks of merchandise to the requirements of reduced demand. And it is all being done soberly and advisedly and in fear of the Lord. All are awaiting that psychological time, the first of the year, when the current of events and the general trend shall be more readily discerned and more easily interpreted. Meanwhile, much definite action is being postponed. Merchandise stocks in general will then be far less than for several years.

The distinctly cotton sections of the South are sore distressed because of low priced cotton and very little demand, especially for low grades. It is not a new experience to the South, and they have always recovered ere long and gone on to greater prosperity. But it is an acute phase while it lasts. It is due not only to cotton mill inactivity in this country but to the great slump in European demand, especially from Central Europe, which cannot buy as of old, no matter how desperate her needs. And so, whether we will or no we are still our brother's keeper.

Likewise, in the grain regions, low prices of farm products have put a crimp in the buying power and inclination of the



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farming community. Experience shows, however, from causes more readily seen than analyzed, that depressions in agricultural sections, because of low prices of farm products, are not so lasting nor so severe as those in industrial centers which proceed from lack of manufacturing activity and consequent unemployment. On the whole, the farming community can furnish its own subsistence and tide over bad times. Also the accumulated supplies, whose abundance caused the depression, are daily diminishing in volume and cannot be replenished until another harvest. Thus the natural operation of the laws of supply and demand tend to remedy the trouble. Hence it is that map shades in some cotton sections cannot now be as safely determined as 30 days from hence, as the present depression may be more or less of a passing phase.

Meanwhile there are many constructive efforts abroad and working, especially out in the countryside where most of our real wealth originates. Out where the west begins they are building new irrigation dams to transform the silent, hostile desert into a wealth producing Garden of Eden.

All over the country, in the rural districts, there are boys' and girls' clubs being formed, and already they have several hundred thousand members. Their entire intent and

purpose is to dignify and make attractive life on the farm that there may cease that steady drift from the country to the city which is so significant and sinister a feature of our modern life.

There is a concerted effort being made to see that every farm has a small flock of sheep that we may thus increase both our meat and wool supplies. Sadly enough, the principal

IN VIEW of the present doubtful outlook Mr. Douglas is preparing a special detailed report for the new year to appear in "The Nation's Business" for January. Facts that go into this survey come from hundreds of trained and unbiased observers in every part of the United States.

December 15 is the latest date on which we can handle this report. In view of its timeliness and unusual value we have made arrangements to have the material wired to us, and if necessary, we will hold up the presses to get it to our readers at the earliest possible moment. Business men will do well to read what Mr. Douglas has to say before making their new year's resolutions.—THE EDITOR.

obstacle to this is the predatory dog, whose inheritance from his wolf ancestors tempts him to destroy the defenceless sheep for the mere pleasure of slaughter.

Everywhere the people are willingly taxing themselves for good roads which mean better means of communication and lower and more transportation.

In all sections there is vivid realization of the need of more general and widespread education. New school buildings are among the few constructions still under way.

The constructive effect of prohibition is now becoming apparent in decrease of crime and in money spent for useful purposes, especially for women and children, which formerly was wasted, or else helped to swell the story of vice and disorder.

The midsummer madness of abnormal prosperity and consequently wasteful extravagance has gone by. Equally is the cold grey dawn of the morning after slowly passing away, and the whole nation is girding itself for constructive ways and purposes to solve the legacies of trouble and stress left us by the welter of war.

The winter of our discontent, especially in industrial centers, undoubtedly lies ahead of us. But for our comfort we may remember the homely but true saying in the west, that business always gets better in the spring.

Dust—An Industrial Criminal

Eighty lives lost and \$7,000,000 worth of food and property destroyed in a single year is the indictment against innocent appearing waste that floats about in mills and elevators

By CARL L. ALSBERG

Chief, Bureau of Chemistry, Department of Agriculture

IT WOULD be difficult to imagine anything more innocent in appearance than this waste product which, in one year, killed 80 persons and destroyed \$7,000,000 worth of food and property in the United States, yet such is the bill found by the United States Department of Agriculture, against dust, just ordinary, commonplace dust that flies from wheels and cylinders and fans and settles all over the factory.

Grain dust, starch dust, sugar dust, leather dust and aluminum dust are all explosives, and the Department of Agriculture suspects a great many other kinds.

Grain dust is the worst enemy apparently; the damage it causes every year runs into millions. If that were the only evil result, matters would not be so bad, but a more sinister item is that dust manages to kill many Americans every year.

This is the chief damage done, of course, this destruction of human life. Having acknowledged this fact and taken its sentimental and economic weight we may consider further how dust may turn a national asset into a dangerous liability.

In a very short time—less than a year—dust explosions and dust fires destroyed 2,500,000 bushels of grain. In terms of labor lost this single item means that 2,500 farmers, with their horses and such help as they required, worked for a year on 2,500 farms to produce 1,000 bushels of grain each. With the explosion that ruined the grain all this effort became a liability.

It doesn't matter that the farmers had already sold the grain and had been paid for it—the loss of the grain represents a loss of latent energy of man's labor and man's

thought. Add to this labor loss the total destruction of the mills and elevators occupied by the grain at the time the treacherous dust did its work. The labor necessary to rebuild the plants costs less than the time required to rebuild them, less than the cost of the clot formed in the supply artery that leads from the producer to the consumer. These dust explosions tie up business.

One explosion in an eastern grain elevator in 1917 destroyed enough grain to feed 200,000 men for a whole year. It made all of us pay more money for less food than we had in 1916, because, of course, we must pay for the grain that was destroyed. Multiply the accident by 5, or by 10, or by 20, and you'll not need figures to prove the shortage of foodstuffs. Modern industrial conditions tend to increase the menace.

In May, 1919, a starch factory in the middle west experienced a very disastrous dust explosion. Forty-three persons were killed and \$3,000,000 worth of property destroyed. In the same month an explosion in an elevator in Milwaukee killed three men and caused a loss of \$50,000.

On September 12, 1919, a dust explosion in a feed mill and elevator in Buffalo injured three men and did \$20,000 damage.

Another grain elevator, in Canada this time, produced a dust explosion that killed ten men and destroyed \$750,000 worth of property.

In Kansas City, a disastrous explosion on September 13, 1919, killed fourteen men and did a property damage amounting to \$650,000.

These explosions were all caused by grain dust, or the dust of grain products, and one could fill pages with the briefest accounts of similar accidents.

Other dusts show the same dangerous tendencies, but to what extent is not yet known. The theory of grain-dust explosions had been thoroughly investigated by the Chemistry Bureau of the Department of Agriculture and extremely efficient preventive had been worked out for the protection of the grain and milling industries, but lack of funds stopped the work before measures could be worked out against other dusts.

These simple precautionary measures are, in brief: To wire the plant so as to remove the static electricity formed by the machinery; to keep the dust from collecting on beams, floors and braces, and to teach the workmen that dust in the air when exposed to a naked spark or flame is as dangerous as gasoline vapor.

In carrying out its campaign, the Bureau of Chemistry agents visited the plants where the dangerous dust was present, equipped with a miniature steel elevator. The workmen were gathered about the miniature edifice and a lighted candle set inside. Then a handful of dust, from the floors or the beams, was tossed into the box. The resulting explosion was always convincing.

The use of the apparatus recommended by the Department of Agriculture will reduce these losses to a negligible amount, if it will not eliminate them entirely. Absolute immunity can never be secured until the work is fully extended to allow the investigation of all the dusts of our industries. Modern high speed, large capacity machines furnish the needed conditions under which dust becomes an actual menace, and since our production will increase rather than decrease, the threat will surely increase.

Two Profits

There is both a financial and a human profit in the increase of illumination in the factory or mill. Managers are of course interested in the eye-saving results of better lighting but the financial profit is so positive and unmistakable that it alone justifies a complete change of lighting system when that is necessary. The addition of IVANHOE Reflectors—correctly designed, selected and installed—may entirely suffice in your case. We shall be glad to put you into communication with a man near you who can advise intelligently as to your needs, the cost, and the profit you can reasonably expect from a modern installation.

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of General Electric Co.
CLEVELAND, OHIO

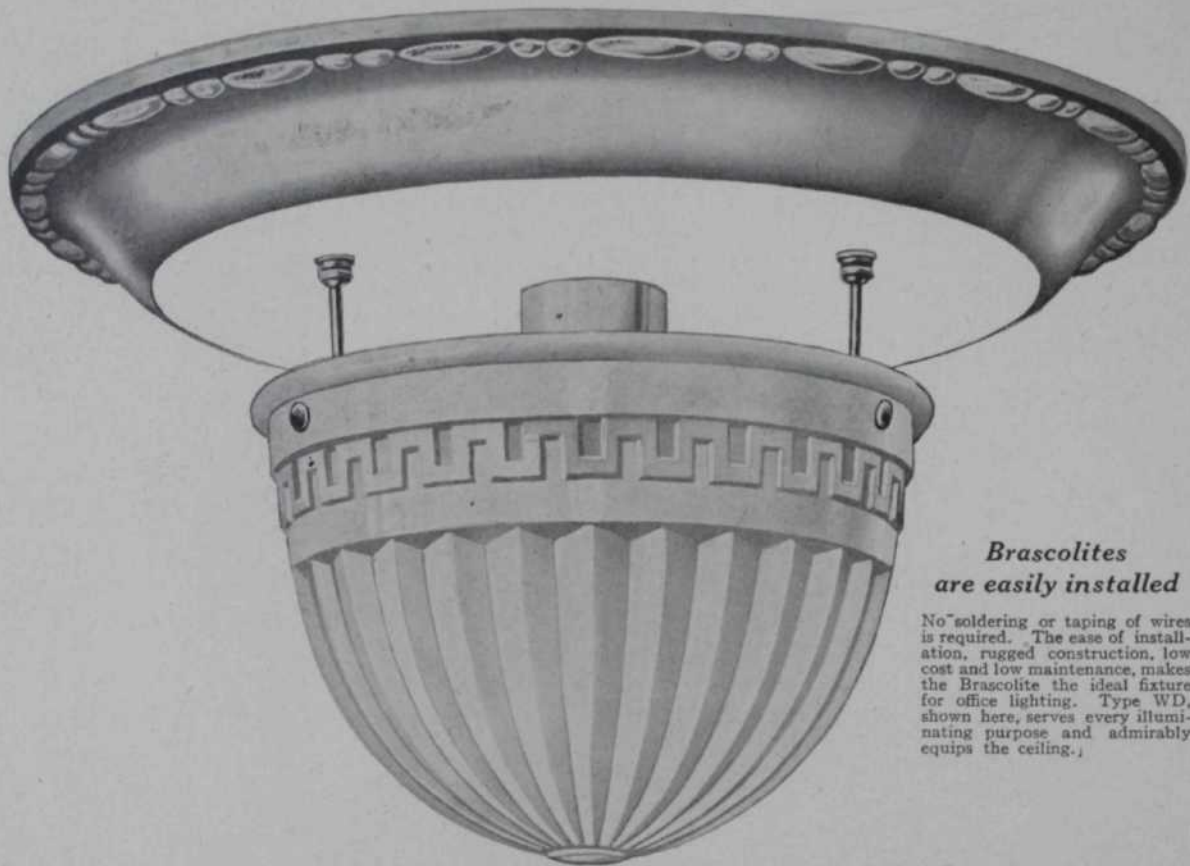
"Ivanhoe" Steel Reflectors, Lighting Glassware, Anderson Self-Adjusting Arms, and Illuminating Service.

"Service to Lamps"

IVANHOE

SHADES-REFLECTORS

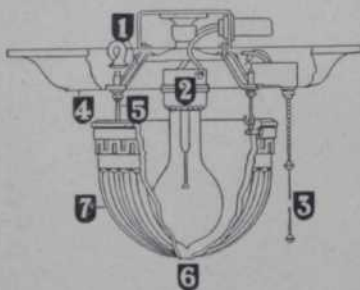
The BRASCOLITE

PATENTED AND TRADE-MARK REGISTERED


Brascolites are easily installed

No soldering or taping of wires is required. The ease of installation, rugged construction, low cost and low maintenance, makes the Brascolite the ideal fixture for office lighting. Type WD, shown here, serves every illuminating purpose and admirably equips the ceiling.

7 Features that make Brascolite the ideal lighting fixture



All standard ceiling type Brascolites may be converted to single or three chain suspension type by the addition of standard chain hangers. The hangers are packed in unit cartons, including all necessary parts for installation.

(1) Brascolite Improved Supporting Tripod—simplest device for attaching to any kind of electric outlet. Means lowest cost for installing.

(2) Brascolite Socket, made of porcelain with protected terminals—no wire splicing. Eliminates all danger and fire risk, and electric troubles.

(3) Brascolite Pull Switch of new toggle construction in insulated housing—660-watt capacity. Insures long, dependable life of continuous service.

(4) Brascolite Flat Reflecting Plane made of white porcelain on Armco iron—positively will not rust, peel or discolor. Light rays refracted directly and without obstruction to the working plane.

(5) Brascolite Spindles not only support the bowl, but hold the reflector periphery flush with the ceiling—being adjustable to correctly position the bowl, they insure utilization of every ray of light, thus producing

maximum and uniform light distribution. The result is a candle-power variation of but 6 per cent in the very large radius of 135 degrees.

(6) Ventilation upward through the hole in bottom of bowl insures long lamp life and least accumulation of dust. This reduces operating depreciation to the minimum and practically maintains the original lamp efficiency.

(7) Scientific configuration of the white glass bowl thoroughly breaks up the intense white Mazda light and softens it by diffusion. The principle of diffusion plus reflection has made Brascolite the ideal light of eye-health and comfort, exceeding in efficiency every other fixture in the world. The Brascolite bowl, when illuminated, presents a luminous body 569 times as large as the lamp filament. The glare of the clear Mazda lamp is reduced 97 per cent, with a total absorption of but 20 per cent.

Our designing and engineering departments are at your disposal, without obligation, for special requirements.

Let us send you a copy of our Catalogue No. 7, which pictures and describes the standard Brascolite line—the largest selling lighting fixture in the world

Luminous Unit Company, St. Louis, U. S. A.
Division of the St. Louis Brass Manufacturing Company

BRANCH OFFICES:

New York
Cincinnati

Chicago
Minneapolis

Philadelphia
Atlanta

Boston
Seattle

Kansas City
Denver

Pittsburgh
New Orleans

Los Angeles
Detroit

What's Ahead? All Business Asks

The Future of Prices and the Backwardness of Buying Concern every Industry—Is there a way out by Stabilization?—Retailers blamed for holding on?—Labor costs to come down

NOT LONG before election the American correspondent of a leading English newspaper closed a despatch discussing the campaign by telling his readers that, after all, the election was a secondary thing in the American mind and that he had heard far more talk of the scandal in baseball than he had of politics.

He might have added that there was more talk of prices than of politics or, perhaps, even of baseball. Get two men together and the talk turns to prices. No one says: "That's a good looking suit. Where did you get it?" Now the question is: "Are clothes going to be cheaper? Maybe I'd better put off buying a while longer."

It is not only the buyer who is asking. The manufacturer and the retailer have before them constantly the question: "How far is this going? What have the next few months got in store for me?"

The answers are many, but, for the most part, there is agreement. It is a time to move slowly. Views held in two such basic industries as lumber and iron and steel may give a line on sentiment. Here are two sentences from *The Iron Age* of October 28:

Iron and Steel

Informal exchanges of views on the steel market are a feature of American Iron and Steel Institute meeting, and last week's meeting in New York was the clearing house for an unusual volume of opinion. It was the view of many that merchant pig iron prices and the finished steel prices of independent producers will go lower; that no active market is to be looked for this year, perhaps not in January or February; that while mill operations may be curtailed further and unemployment may increase, there need be no apprehension of serious consequences, and that while in some lines price reductions might be overdone and were likely to be, the demand in time would be such as to cause an upturn.

Discussing "The Extent of Price Readjustment" from the standpoint of the mill men and the bankers, *The American Metal Market* says:

In iron and steel, the majority opinion, though by no means the unanimous opinion, seems to be that by about next April such a readjustment will have occurred, not merely in iron and steel prices but in commodities and costs generally, as will enable the market to revive, demand to increase, and prices to begin stiffening again.

In banking circles a common opinion, if not the majority opinion, is that we are going to have a downward readjustment extending over a period of nearly if not quite three years.

These views appear to be opposite, and yet they are not necessarily so. The bankers may expect a general readjustment that will require three years for its completion, yet they can hardly expect that the iron and steel industry will be in the doldrums for any such length of time. There is too much work to be done of a character that will not justify postponement for three years. There can be ups and downs in iron and steel prices even though the general swing, from the long range viewpoint of bankers, is downward.

Lumber

The lumber industry pleads with the buyer to get into the market, insisting that the

The Nation's Business Observatory

HOW LONG? and How Far? are the questions that industry asks in regard to the price reductions and the unwillingness of buyers to enter the market. Here are given some answers to these questions from a dozen lines of industry.

Two factors that are very close to the general public are also touched on—the hesitation of the retailer to follow the lead of the manufacturer in reducing prices and the vexed question of whether a further cut in wages is inevitable.

The much attacked Chicago Board of Trade is again under fire and this time not only the farmers but the millers are taking part in the onslaught. Comments from all three angles are presented in this month's Observatory.

declines he has waited for have already taken place. There is talk of "stabilizing" prices. No thinking man should expect pre-war levels "soon, if ever," says the *Southern Lumberman*, which adds this advice:

So far as lumber is concerned, the buyers seem to be waiting for something that has already happened. While they are waiting for prices to tumble they have already tumbled. Why shouldn't the public be impressed with that fact in a big and convincing way? Why don't the lumbermen, either as individuals or through some central agency, let the country know that now is the time to buy lumber? There is known to be a big backed-up demand for lumber in this country. Why not release the invisible dam that is holding it back and start every mill in the land to humming at full capacity? Isn't that better than sitting back and waiting to see if the market is equipped with a self-starter of a self-acting nature? Wouldn't it be a good idea to prime the engine a little?

Discourage buying for speculation, says the *American Lumberman*, but encourage purchases for legitimate needs. This paper pleads with the manufacturer:

The lumber buyer as well as the manufacturer desires a steady market. He can help to secure this by making normal purchases in a time like the present. A stable market is much more desirable than skyrocketing prices and a runaway market, and manufacturer and dealer should cooperate to stabilize the market. In other words, below cost of production prices and runaway market prices are equally damaging to the lumber industry. The sooner this truth is recognized and available remedies applied the better it will be for the entire industry. Permanent prosperity means mutual prosperity.

Leather and Leather Goods

The leather trade is inclined to blame the retailer for delay in cutting prices and to hold him responsible for the apathy in business. *Shoe and Leather Reporter* says that the retailer appears to have lost confidence in the future, and adds:

If every retailer of shoes would put his prices down to a point where free buying would begin again the present stagnation would end at once. The longer this action is delayed the greater will be the trouble later on. Tanning and shoe manufacturing have been curtailed to the point of danger and in spite of this the accumulations of hides and skins are not as great as is imagined.

The livestock situation is critical. Many cattle

are being rushed to market because of the difficulty of getting accommodations from the cattle banks. This gives a fictitious appearance of plenty when as a matter of fact the world is many millions of cattle short of the pre-war status. For the first nine months of this year the frigorifico [packing house] slaughter in South America decreased thirty-nine per cent and the packer kill in the United States declined fifteen per cent during the same time. This curtailment amounts to one and a half million head of cattle or the equivalent of three million sides of leather.

Hide and Leather scolds the retailer also, and reads a lesson from the reported action of the recent meeting of the purchasing agents in Chicago.

At a meeting of the purchasing agents of the United States, recently held in Chicago, it was the consensus of opinion that there will be a further falling off in prices within the next six or seven months. This association collectively spends about \$10,000,000,000 a year. At the meeting it was said that all were buying from hand to mouth and all seemed to believe that the peak in prices had been reached, also that there was a natural stagnation and downward trend right now. The shoe and leather trade, however, has already had over six months of its setback, with thorough liquidation on the part of manufacturers of shoes and leather, but as said before, the retailer has not yet fallen in line. He is still, as a class, a little off at one side when it comes to losses. Liquidation in the retail shoe trade has not been nearly so drastic as in other branches, and here is where prices will have to come down if they want to get the public in again and stimulate business. The manager of one of the largest retail shoe departments in the country said only last week, "I advise all retailers of shoes to do what I have been and am doing—liquidating my stocks. The cry should be 'liquidate, liquidate and again liquidate.' The wise merchant today is he who sells his stocks of shoes and gets them off the shelves and on the feet of the wearers."

Cotton and Cotton Goods

The inability of our foreign customers to buy is disturbing the market in cotton goods, according to the *Textile World Journal*, which quotes an export house doing business with the Far East as thus describing conditions: "Cancel everything that isn't shipped." The *Journal* adds:

The lost purchasing power of all South and Central American countries as computed on the lower values of crops in these countries, is expected to influence trade for some interval before a stable trading basis is established, and together with the handicap that exchange rates puts on business, the immediate outlook is none too rosy. Notwithstanding the lower level of prices the trade is beset with doubts as regards ultimate values—"What about cotton?"—It seems as if the business of the world is waiting for an answer to that important question.

The purchasing power of the whole world wrestled with the handicap of high prices until it was exhausted and now when it is looking for its own again it insists upon assurance that it is its very own which is offered and not an expedient figure for the time being that will entail another struggle at a future date. A stable price that will last at least four months to six months is very badly needed.

(Continued on page 49)

Greatest Manufacturer of Paper in the World

THE INTERNATIONAL PAPER COMPANY owns and operates twenty-six paper and pulp mills located in New York, the New England states and the Province of Quebec, with a combined capacity of over

2,000 Tons of Paper a Day

Its woodlands which supply the raw material for its mills consist of nearly 4,500,000 acres, owned in fee or held under practically perpetual leases, which carry a stand of pulpwood estimated at

22,500,000 Cords

Its water powers, developed and undeveloped on the principal rivers of New York and New England, aggregate

275,000 Horsepower

or, twenty-five per cent. more than the total power developed at Niagara Falls under the Burton Law.

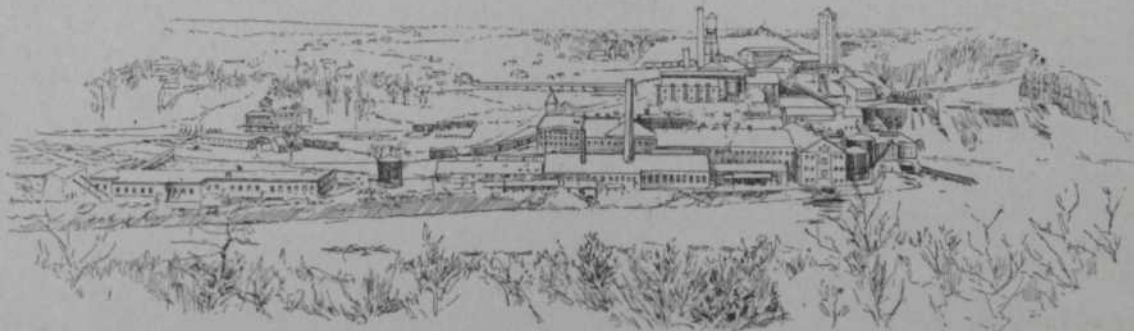
A Standard Policy

A Standard Quality

A Standard Price

HUDSON RIVER MILL, CORINTH, N. Y.

One of the 26 plants



*This mill manufactures newsprint exclusively and produces nearly 300 tons a day.
It supplies the newsprint needs of nearly 100 publishers.*

INTERNATIONAL PAPER COMPANY

30 Broad Street, New York

The reason the world's dry goods bill was not larger was because the world could not foot the bill.

Volumes might be quoted on raw cotton and the cotton growers' struggle to stem the flood of dropping prices by refusing to sell. Their view is summed up in this one sentence from *The Progressive Farmer*:

Sit tight and make the people who need your cotton pay you what it is worth—what it cost you to grow it plus a fair profit on your investment and year's work.

A sane outside view is that of *The Iron Age*, which, in an editorial on "Deflation and Credits," takes the cotton grower as a text:

In the complaints made by the cotton growers the argument recurs that the economics of the situation demand heavy production, hence encouragement to high prices for cotton should be given. The argument is entirely misapplied. For what purpose has heavy production been urged as an economic remedy except that prices may be brought down? While that in itself is sufficient rejoinder, the fallacy of the argument may be seen from an entirely different angle. What is one man's finished product is another man's raw material. Suppose the Connellsville coke operator should claim, as he has no thought of claiming, that it is good for the country that coke should be selling at 20 times the price it brought in 1894, because that "tends to stimulate production." The blast furnaceman would rejoice that the high price of coke is retarding production, i.e., production of pig iron. He might add that high prices for pig iron "stimulate production," whereas the foundryman would remark that high-priced pig iron is discouraging the production of castings.

Nothing is clearer than that declines in commodity prices had become inevitable. The Federal Reserve Board may have prevented prices from reaching as high a peak as they otherwise would, but by the extent that it did so it has tempered the rate of decline. The thing had run its course. In time to come when conditions have become stabilized, the year and a half after the armistice will be remembered by many as a nightmare, when men who wished to do constructive things were held as by an incubus.

Chemicals and Drugs

Oil, Paint and Drug Reporter takes the Bureau of Labor Statistics to task for its assertion that the average price of commodities in the chemicals and drugs group increased 23½ per cent in September, while in most other lines prices were declining. The *Reporter's* own figures show a decline for that month of a little more than 2 per cent, while there was a still further decline in October.

This (says the *Reporter*) is more in line with the ideas of the man in the market who has not attempted to put his knowledge of prices into index numbers or percentage figures but who does the actual buying and selling which make the prices, than are the returns of the bureau.

In some commodities the recent declines have been so drastic as to be demoralizing. This has not been the case with chemicals and drugs, fortunately, and there is little likelihood of anything of the sort in these lines. The use of the word "fortunately" in this connection is not the expression of a trade view of the situation by any means. It is not only a misfortune to any trade to be demoralized by sensational price fluctuations but it is a misfortune to the general public as well.

Sugar

It is always safe to mention sugar in any discussion of prices. We are a nation of candy eaters and our consumption of sugar per head is the highest in the world. Sugar men feel that they have taken their medicine, and *Facts About Sugar* feels that signs multiply that the checking of the fall of prices is "nearly if not quite at hand" and that "the wise producer is expanding his facilities and planning to increase his output."

He is not disturbed by predictions of two-cent

raw sugar or a four-cent basis for refined, which are as much beside the mark now as were the confident expectations of a forty-or fifty cent price which were voiced in some quarters a few months ago. The position of sugar has not been permanently impaired by recent developments. To the extent that the world's industrial outlook is less favorable than it was six months ago sugar production must suffer in common with other forms of productive enterprise. But it must be remembered that sugar is an essential food, a necessity to modern civilized peoples. The world shortage of sugar still persists and it is reasonably certain that the world will be able to absorb all the sugar than can be grown and manufactured for the next several seasons at a price that will yield a reasonable profit to enterprises conducted on an economically sound and not inflated basis.

Prophecy is one of the most dangerous and most interesting of games, but it is well to let the other man do the predicting. Take this from *The International Confectioner* as a contrast to the views given above:

Last April we prophesied 15-cent granulated sugar for October and 10-cent for January. We now prophesy 7-cent sugar for July, 1921. That means standard, granulated, refined sugar.

"At any time during the shortage, sugar could be purchased if one were willing to pay the price." There has not been any real shortage of sugar at any time, as statistics clearly prove, and the oversupply now confirms. Candy manufacturers are selling their sugar because they overbought, and because they don't dare to make it into candy. Next thing there will be a shortage of candy.

Trucks and Tractors

In last month's *Observatory* we gave the views of the automobile industry on the price cutting started by Henry Ford. The closely allied tractor trade is wondering what its future will be, and *The Eastern Dealer*, which shows no love for Mr. Ford, makes these suggestions:

Agricultural implements are not made today and used by the farmer tomorrow. Many of the implements that will till the soil and harvest the 1921 crop are now made and in the storehouse of the manufacturer. Knowing what the manufacturer paid for iron, steel, lumber and labor, and knowing somewhat of their range of profit, THE EASTERN DEALER cannot see how the wholesale price of implements for 1921 will be on any lower level than present prices.

Panic, however, may seize some and if it does it will bring ruin to many. We hope the implement business contains no Henry Ford.

The surface indications that this panic may hit us when 1921 prices are announced are sufficient to cause dealers to stop, look and listen before buying.

We cannot see this as a time for a dealer to load beyond his reasonable prospects of demand, but the dealer who is not prepared with goods to supply the 1921 demand will suffer.

The Commercial Vehicle makes the same plea for its industry:

Hysteria in the passenger-car price-situation caused initially by the cut in Ford passenger car and truck prices and then by half a dozen or more other passenger car makers has had some effect on truck prices, although the cold facts seem to indicate that there is no good reason for any general reduction in truck prices.

Conditions of manufacture, distribution and sale of trucks and passenger cars are so different that the truck industry should not follow sheeplike where the passenger car industry is leading.

The makers of electrical equipment need not take the depression in the automobile industry too much to heart in the view of *The Electrical World*, which, however, admits that the loss is serious:

This year the aggregate output of pleasure and business cars in this country is estimated at 1,500,000, compared with 2,000,000, last year. A moment's reflection will show that there is a great deal of electrical apparatus on a gasoline car. The storage battery, self-starter, lighting and



BUREAU OF CANADIAN INFORMATION

The Canadian Pacific Railway, through its Bureau of Canadian Information, will furnish you with the latest reliable information on every phase of industrial and agricultural development in Canada. In the complete Reference Libraries maintained at Chicago, New York and Montreal is complete data on natural resources, climate, labor, transportation, business openings, etc., in Canada. Additional data is constantly being added.

No charge or obligation attaches to this service. Business organizations are invited to make use of it.

DEPARTMENT OF COLONIZATION AND DEVELOPMENT

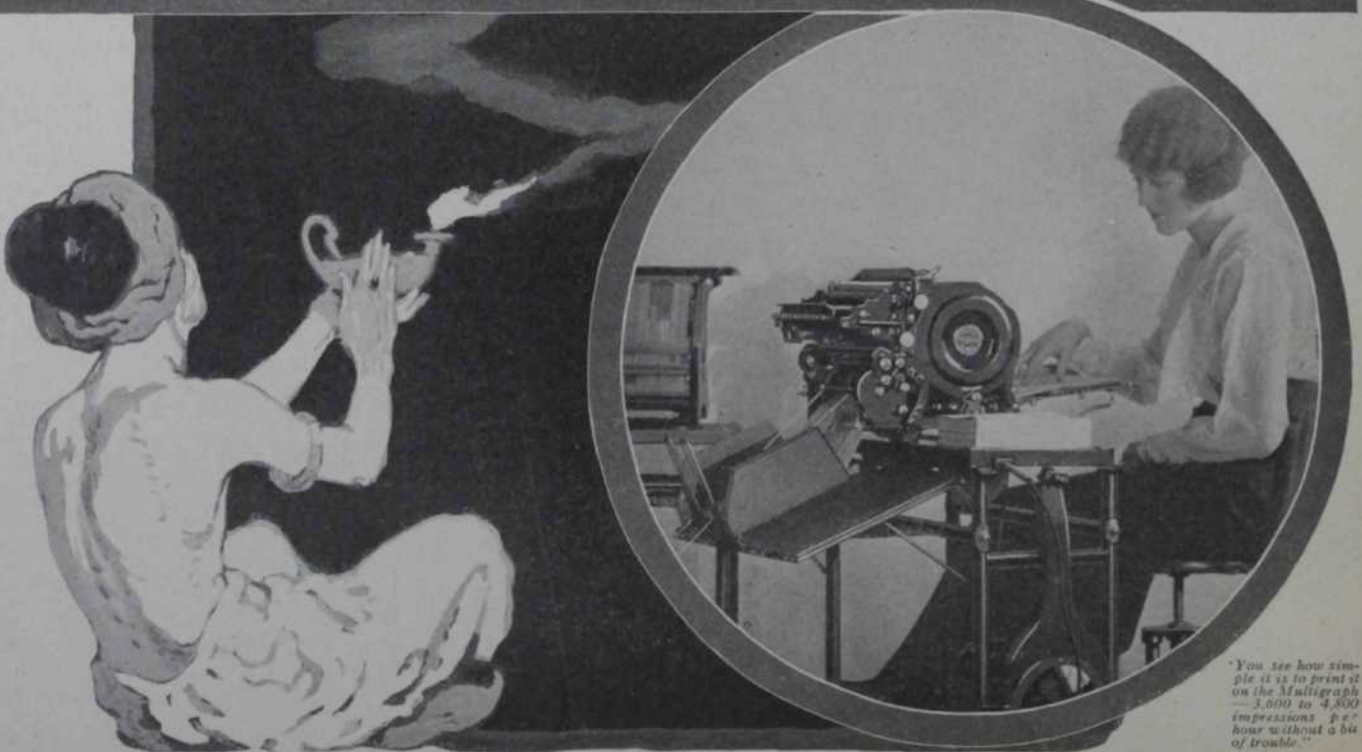
Chicago
165 E. Ontario St.

Montreal, P. Q.
355 Windsor Station

New York
1270 Broadway



PRINT it on the



"You see how simple it is to print it on the Multigraph—3,000 to 4,000 impressions per hour without a bit of trouble."

"What wouldst thou have? I am ready to obey thee as thy slave, and the slave of all those who have that lamp in their hands; I and the other slaves of the lamp."

The Genie in "Aladdin, or the Wonderful Lamp."

Rub Your Own "Lamps"!*^{*}

Right before your eyes, in the magic circle on the opposite page, stands a big little Genie who will instantly respond to the commands of your secretary or assistant, and perform feats of modern necromancy almost as marvelous as those the Slave of the Lamp put across for old friend Aladdin in the days of the Caliph Haroun Al Raschid.

This Multigraph Genie may not be able to build a palace for you over-night—you wouldn't know what to do with it if he could. But the Multigraph can produce *printing* over-night, can cut down sales costs, can reduce railroad and hotel expenses of salesmen. And if you are anything like the average business man in these expensive times, *anything* that will do that is as much to be desired as "great riches."

No fuss, no delay!

Simply say, "Print it on the Multigraph," and the job is done! Done on time, done right, right inside your own establishment, by one of your own employees.

And when we say PRINT, we mean *just that*. No make-shift, half-way stuff, but *real* printing, far better than most of the jobs you get. And printed in *half* the time at 25% to 75% of your present costs.

What the Multigraph Is

The Multigraph is a small, compact, *rapid rotary printing press*. It prints from real type or from curved electrotypes. It uses real printer's ink. Colors if desired. And you can use illustrations. Multigraph Senior is electrically driven. Multigraph Junior is hand operated.

It is also a multiple typewriter. Reproduces highest grade typewritten letters in quantities—through a ribbon or direct from type.

The equipment includes a semi-automatic typesetter, which sets typewriter and other type faces as desired.

Saves 25% to 75%

The Multigraph saves 25% to 75% of your printing costs. Saves *bother*, saves *delays*—no factory, office or sales work has to wait for necessary printed matter.

Saves sales expense—Multigraphed sales helps make it easier for salesmen to get business, reduce cost of selling.

Saves advertising effort—Multigraph typewritten or printed follow-ups help you cash in on your advertising, get quick action from your jobber, dealer or customer. The Multigraph sometimes saves unnecessary advertising expense by going direct to your audience without publication advertising.

Saves opportunity—You can take advantage of every sales opportunity at *exactly* the right moment—no time lost waiting for printed matter.

And it earns, too

The Multigraph *earns* by getting you in when *callers* are barred. By winning the confidence of your trade, and keeping in close touch with them.

MULTIGRAPH

It *earns* by doing missionary work for your salesmen, making them bigger producers. By developing mail-order business in territory your salesmen can't afford to cover.

It *earns* by keeping your sales force posted, interested, en-

thused. By educating and inspiring factory and office force, and developing ability.

Start Something!

With these hints as a starter you can think of a dozen other ways in which the Multi-

graph can save you money and earn money for you.

But *thinking* won't do much good.

You've got to *START* something if you get anywhere these days. Why not ask for full information now?

* A free translation from the Arabic; the literal meaning is, "Sit up and take notice!"

You can't buy a Multigraph unless you need it

THE AMERICAN MULTIGRAPH SALES CO., Cleveland, Ohio

Offices in Principal Cities

THE INTERNATIONAL MULTIGRAPH CO., (Britain) Limited, 15-16 Holborn Viaduct, London, E. C. 1

THE INTERNATIONAL MULTIGRAPH CO., Paris, 24 Boulevard des Capucines

THE MULTIGRAPH SALES CO., Ltd., 84-88 Bay St., Toronto, Canada, Offices in Principal Canadian Cities

THE MULTIGRAPH SENIOR

This is a complete, compact equipment that turns out high quality printing and form typewriting at very low cost—averaging a saving of from 25% to 75%. It is simple and easy to operate; rapid and convenient. Electrically driven, with printing ink attachment, automatic paper feed, signature device, automatic platen release and wide printing surface.

THE MULTIGRAPH JUNIOR

This is a wonderfully efficient equipment for concerns which have a limited amount of work. It does both form typewriting and office printing and produces the same high quality of work as the Senior Equipment, but it is hand-operated only and cannot be equipped with electric power, automatic feed and signature device attachments, as can the Senior.

The Multigraph

1818 E. 40th St., Cleveland, O.

I begin to feel like "starting something." Perhaps the Multigraph can help me do it. Tell me more about how it PRINTS.

Firm _____

Our Line is _____

Name _____

Official Position _____

Street Address _____

Town _____ State _____ N. B. Dec.

Did you ever try
to put yourself in
Noah Webster's
boots?



"The Mark of Quality"

WE'RE going to do it, in a continuous series of twelve advertisements commencing January next in "The Nation's Business" magazine, defining by text, design, illustration, typography and engraving—

"COMPLETENESS"

"There's Profit Here for You"

THE
MATTHEWS-NORTHRUP
WORKS

Planners • Designers • Engravers
Printers • Binders

New York Buffalo Cleveland

ignition equipment involve, on a very conservative basis, an outlay of \$50 by the automobile manufacturer, so that the drop in production of automobiles this year as compared with last represents a loss to the electrical industry of more than \$25,000,000. Fortunately, manufacturers of electrical equipment have been so overloaded with business that this loss, formidable as it is, has hardly been noticed.

Has the Retailer Read the Handwriting on the Wall?

THE unhappy retailer is getting a good deal of scolding from manufacturers and wholesalers on the ground that he is not doing his share in meeting the public demand for lower prices. The Irving National Bank, in its mid-October *Review of Business*, says:

The fall in wholesale prices has not been paralleled by a decline in retail prices. Coupled with the belated arrival of cool weather, this fact has gone a long way to account for the slow buying generally noted and the halting way in which trade has gone forward.

The *Dry Goods Economist* is outspoken in its charges. These are its headlines on an article on the subject:

NO USE TALKING—THE FINGER DOES
POINT AT SOMEONE! IS IT YOU,
MR. RETAILER?

In the body of the article the charge is made more definite:

In retail stores the chief effort is to dispose of goods purchased at high prices without sacrificing profits. This action has led to criticism based on a belief that the retailers are demanding the full profit planned when the goods were bought instead of making reductions commensurate with those made in the primary markets.

In an earlier issue the *Economist* published the result of a questionnaire sent to retail merchants throughout the United States. It may surprise many to be told that retailers' stocks are higher than last year, but that is what the *Economist* learns. Here are the boiled-down results of its inquiry:

American retailers' stocks average 20 per cent larger than at this time last year.

Their commitments average 40 per cent smaller than at this date a year ago.

With very few exceptions the dealers are confident that from now on to the end of the year they will have a larger business than that of the corresponding period of 1919.

The fur trade, which has not been free from charges of profiteering, is warned by *Fur Trade Review*, which evidently thinks the retailer is not blameless:

The producers and manufacturers have made their effort to accelerate trade, and it is now clearly up to the retail dealers to take full advantage of the new prices and move stocks quickly by reducing prices and so be able to replace at new values.

There are many spokesmen for the retail dealers who say that stocks cannot be replaced until the high-priced goods are sold and that the retailer cannot cut prices and meet his obligations. Such may be the case in many instances, but most retailers can make quite considerable reductions in the prices they have been asking and still enjoy a good profit.

It can't come all at once, according to *The American Contractor*, which warns against a drive on wages because of its lessening of buying power:

Price recessions of which the daily press has so much to say, not yet are reflected in the retail markets which most affect the average household. Retail prices on essentials are slow to react and the cost of living, in fact, is just as high today as it was six weeks ago.

Those who are getting nervous on the wage trigger, advocating a speedy and arbitrary reduction in wages, should have in mind the fact that



In a Declining Market

it is important to hold down to a minimum the quantity of raw material on hand, to expedite its conversion into finished product, to turn inventory as quickly as possible into cash.

This is a question largely of material and production control which automatically regulates and speeds up the flow of material in and out of the store-room and of work through the plant.

We are especially fitted through years of experience to be of service in the successful solution of the very problems involved.

Permit us to send you
a statement of our methods
of work, experience,
and clientele.

GRIFFENHAGEN &
ASSOCIATES, LTD.

116 South Michigan Avenue
CHICAGO

Consultants in
Problems of Management
Business Organization
Industrial Relations
Production Control
Cost Accounting
Office System



Which of these salesmen will get in?

ANSWERING this question, a prominent buyer said, "Nowadays I must divide salesmen into two classes, first, those who call to get something, and second, those who come to contribute something. It is hard to turn away the latter kind who bring information and service helpful to me."

The word "Salesmanship" does not fully express the work that such men do. Their function is bigger than that.

The salesman who can contribute to the cause of fire prevention or the reduction of up-keep cost by skillful advice as to a properly constructed Johns-Manville Asbestos Roof is not a salesman only, for his work is more than commercial—it is economic.

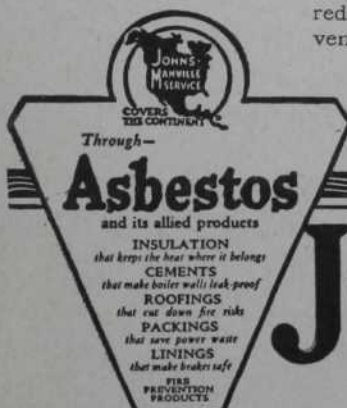
The Johns-Manville man who can show a saving:—maybe thousands of dollars in fuel; a reduction in plant maintenance, or by preventing a shut down on a much needed boiler,

makes the order he gets merely an incident to a greater purpose.

So, Johns-Manville waste killers have a real job. They must combine with a willingness to serve a wide experience and a thorough knowledge of those Johns-Manville materials which promote the cause of conservation everywhere by cutting fuel and power losses, preventing property losses and saving time and money.

It may be that some day a Johns-Manville man's card will come to your desk. Use the opportunity to let him show you how he can help you.

Let him tell you something of how his company serves and protects its customers. Let him explain how it has insured the quality of its products by the highest manufacturing standards, rigidly maintained, how it believes in its men and, because to you they are Johns-Manville, how it expects them to live up to its standards in all they do.



JOHNS-MANVILLE, Inc.
Madison Avenue, at 41st Street, New York City
10 Factories—Branches in 64 Large Cities
For Canada: CANADIAN JOHNS-MANVILLE CO., Ltd., Toronto

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Serves in Conservation



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price recessions beginning with manufactured products are slow to get down to where the ultimate consumer profits by them and to force down wages before the cost of living really has decreased, is a policy of questionable prudence.

More Work for the Old Pay or Less Pay for the Old Work

WHAT of the labor factor in the price problem? Must wages go down before we get to a settled level? Figures are not needed to show how great that factor is. In the building trade, estimates put the share of labor from mine and forest to completed structure at 85 per cent or more. Of every dollar they pay out the railroads spend more than 55 cents for labor and that of course takes no account of the labor that goes into the material it buys. Here is an extract from the Chicago correspondence of the *Public Ledger* printed not as a commentary on prices but to show how labor cost leaps to the front in any discussion of prices:

One corporation, manufacturing automobile tires on a great scale, announces a cut of 75 per cent in price, an extraordinary performance as it appears on the surface, but with rubber down to the lowest price in history, cotton cut in half and sulphur of zinc, much used in the industry, among the cheapened articles, it is claimed by persons familiar with the manufacture that a tire which heretofore sold at \$60, or thereabouts, can now be sold at \$15 at a profit. It may be suspected that this is an overstatement for the labor has not declined much.

There seems to be a very general belief that labor must meet a part of the demand for lower prices, if not by accepting lower wages, then by increasing efficiency. No one professes to believe that we shall go all the way back to pre-war conditions.

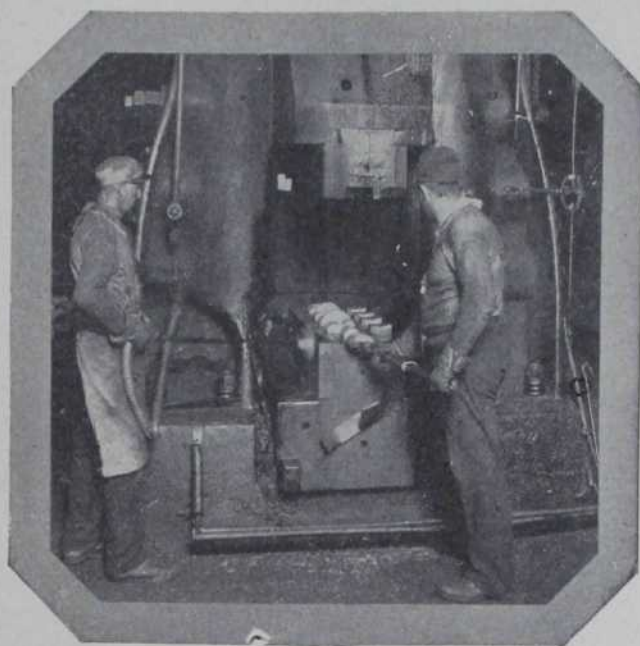
In the textile field, there has been a significant move, and as reported by the *Textile World Journal* it has been done not by duress but by mutual agreement. The *Journal* thus comments and describes the method:

A definite downward swing of textile wages has been inaugurated by several New England mills at the earnest solicitation of their operatives, who prefer a 15 per cent lower wage and part time employment to an indefinite vacation. That manufacturers have been willing to grant such a request, despite the fact that there is practically no present demand for these products at any price, is evidence of consideration of the welfare of their operatives that is not warranted by sound business reasons alone.

While this is the first open cut in textile wages to occur since the close of the war, it is really the second readjustment, since war bonuses were generally discontinued by northern and southern mills during 1919. The advance in textile wages during and since the war average close to 200 per cent and a cut of 15 per cent is an inconsiderable sacrifice in comparison with the losses that most manufacturers are now netting on current business. The loss to operatives is fully made good by the actual decrease in the cost of living, while the present losses of mill stockholders will have to be made good from profits on future business or by deductions from mill surpluses.

Speaking not only for its industry but for business as a whole *Steel and Metal Digest* put the problem up to the worker in these terms:

It is generally agreed that in the process of deflating from the inflation caused by the war, labor would be the last to be reached, but there are indications that labor deflation has also begun. There is no scarcity now of labor, and growing unemployment in the ranks of unskilled labor, and the warnings are quite plain that unless labor realizes the situation and tries to meet it by increased and effective work, unemployment will increase. To lower prices so that the public will buy freely, costs must be reduced and the main cost in manufactured articles is the labor item. Manufacturers in many lines are facing reduced operations if not the closing



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of their factories unless they can reduce these costs. No one wants to see wages reduced, but this is inevitable unless labor will work harder and produce more.

The labor market, all accounts agree, has been and still is shifting rapidly. Turnover is less and unemployment is greater. A case of resulting increase in output is reported by *The American Banker*:

Reports coming from various sections of the country indicate that labor is beginning to get back to normal and is inclined to do an honest day's work for an honest day's pay. One report is that a large automobile concern in a western town decided to cut down its output during July as compared with June, and to do this it laid off 2,000 men. When the production sheets for the month were obtained, it was found that with 2,000 fewer men on the payroll the output of cars was almost equal to that of June.

The news from Chicago is especially significant of changed conditions in the labor market. Workers there are told: "If you've got a job, keep it."

This is the advice tendered by the heads of various employment agencies to the wage earner and salaried man. The Illinois State Free Employment Bureau is having twice as many applicants for jobs every day as it was having two months ago.

"Only the most efficient can now get jobs," said C. W. Starkey, chief of the bureau.

A hopeful view is that held by *The Financial Age* which looks to intelligent labor leaders to advocate increased production and higher efficiency. There and there alone lie the only means of keeping up wages. *The Age* adds:

It is felt that the most intense effort must be put forth in this direction, as it is imperative that labor returns a larger product for the value received. In no other way will it be possible to continue present wages for it is realized that profits are being materially reduced and that the time is near at hand when they will be further curtailed. It is believed that there will be some liquidation of wages ultimately as the present scale is abnormal and can be continued only in case present living costs are not reduced. But they are being reduced steadily and unless the industrial output per unit of worker increases largely, it is believed that many employers will find it impossible to continue present wage schedules with business conditions what they now are.

A press dispatch points out one result of the lessening demand for workers, declaring that in Philadelphia, the opportunity is being seized to weed out the inefficient and the dangerous. J. L. Benton, managing director of the Philadelphia Textile Manufacturers' Association is quoted as saying:

"Between 110,000 and 125,000 employees of textile mills in Philadelphia will be out of work this winter unless they watch their step. The weeding out has already begun. Approximately 40,000 have already been dropped. Whether the remainder will follow depends to a considerable extent upon the workers themselves.

"There will not be a lot of textile workers out of a job this winter, but there will be a lot of those who have chosen to call themselves textile workers.

"The textile manufacturers are not opposed to unions, but they are opposed to radical leaders and are going to the mat here and now with them."

Future Trading, Gambling

Device, or a Stabilizer?

THE VIRTUES and vices of the Chicago Board of Trade is no new subject, but Senator Capper and Governor Allen have revived it and a federal inquiry is under way. At once there comes to the surface the old problem: How far shall government interference in business go? Where draw the line between "wise regulation" and "dangerous meddling?" The answers are as many as there are interests involved. Let us take just three sides of this dispute, starting with *The Price Current Grain Reporter*, which

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quotes Senator Capper's descriptions of the Board of Trade as "the biggest gambling hell in the world" and a "den of thieves." Doesn't Senator Capper know, asks the *Reporter*, that the board and its fellow exchanges have been declared by courts and Congress "lawful and honorable institutions essential to the economical conduct of the public business in grain, cotton and securities?"

The senator apparently doesn't, and *The Reporter* describes him as either an "ignorant speller of the soap-box type or a willful deceiver of those who come under his influence." Its article continues:

Yet here at this late day comes this senator bellowing like a mad bull about a thing he doesn't understand and doesn't try to understand and doesn't want to understand but which as a sober minded legislator he should submit to a decent examination before condemning. The difference between a Capper and a Trotsky as a statesman is one of locus and opportunity, not of kind.

So much for one point of view. Calmer is the attitude of the milling industry as voiced by the *Modern Miller*, which describes the flour trade as "demoralized" because cash wheat ranged from 12 to 25 cents above wheat for December delivery. The *Miller's* opinion of future trading, which brings such results, is this:

It has taken form as a deadly thing in the estimation of millers. It has drained our country of raw material instead of manufactured product. It has brought milling operations to about 50 per cent of normal and caused cancellations, fear and distrust. An instrument that produces such an effect is one that will surely gain the hostility of farmers and millers; and before the year is past, of flour buyers too. If continued and coupled with exports, consumers may feel the effects with flour stocks exhausted in some sections.

Trading in futures can only be justified as a means for commerce, the purchase of supplies for actual future delivery.

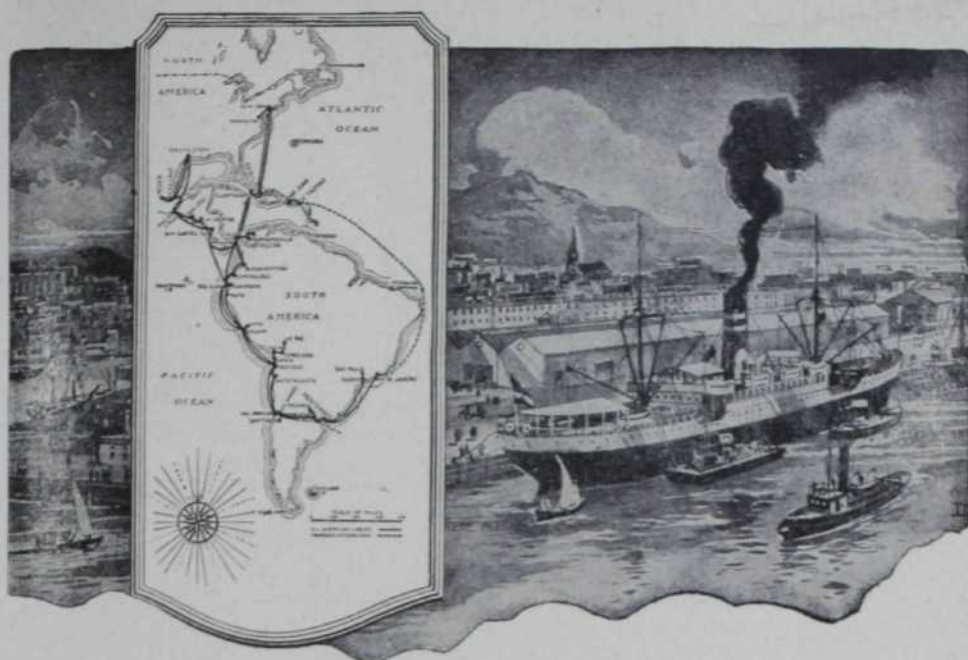
As a friend of future trading in wheat, the *Modern Miller* regrets to see its legitimate functions put in jeopardy.

What does the wheat grower think of it all? If the agricultural papers reflect his view, he thinks he alone is the sufferer. It would be possible to cite pages of denunciation, but let one extract complete the record of the varying points of view. Here's the *Prairie Farmer*:

When the speculators have reaped their harvest, when the terminal elevators are full, the price will go back up, as it always does. Many farmers will be ruined, all farmers will be discouraged. The consumer who cheers the newspaper headlines will look in vain for a change on his grocery bill. It was not to help him that prices were hammered down and he will get little of the benefit.

In the face of all this, the sugar men are considering broadening the New York sugar futures market and *Facts About Sugar* urges it as a means of lessening speculation:

Under present conditions many producers and users of sugar are forced to take speculative risks without any desire to do so. The operator of a mill who pays for cane on the basis of the market price of sugar when the cane is delivered is speculating, because he cannot market the product of that cane for several weeks or possibly not for two or three months, while prices may undergo great changes in the meantime. During the past crop very heavy losses were incurred by sugar companies in Cuba and Porto Rico from this very cause. By hedging—selling on the futures market against the probable date of delivery of his actual sugar—the producer could eliminate this risk. Similarly the manufacturer who uses sugar in the production of goods which he cannot place on the market for months ahead would be able to protect himself in



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like fashion, just as is now done by the millers who turn wheat into flour. These are but two of many useful and legitimate objects which would be served by the existence of a broad futures market, but the success of such operations would depend in great measure upon the presence in the market of an active speculative interest.

Your Bank and Your Auto— A Statement of Relations

JUST before the automobile industry got cold chills down its spine and sat up nights wondering whether to fight or follow Henry Ford, there appeared in the *Michigan Manufacturer*, a journal largely devoted to the Detroit automobile industry, an article declaring that the New York banks were undertaking to swallow the automobile business and accusing the banks of deliberately forcing companies to the wall in order to get control.

While not in direct reply to these charges, two statements by bankers of prominence addressed to automobile men, are of interest. One was made by George E. Roberts to a convention of dealers at the Anderson Motor Works, at Rock Hill, South Carolina. Mr. Roberts outlined the situation in this way:

We come now to the question in which I know you are most interested, to-wit: the attitude of the banker toward the automobile today. We have a tight money situation in this country, and for that matter all over the world. The automobile business is feeling it. The bankers over the country are not lending money freely for the purchase of automobiles, either by individual buyers or dealers in automobiles. There is a restriction as to manufacturers for the production of credit all along the line. It affects your business and naturally you question the propriety of it. You say, if the automobile is a utility, if it now has established place, if the industry is recognized as a legitimate one, why should it be restricted?

Mr. Roberts then went on to explain the need for gradual deflation, and added:

If the farmers try to remedy their situation by cutting down production, and the wage earners do the same in the cities, we will have reduced production all around and less of the comforts of life for everybody.

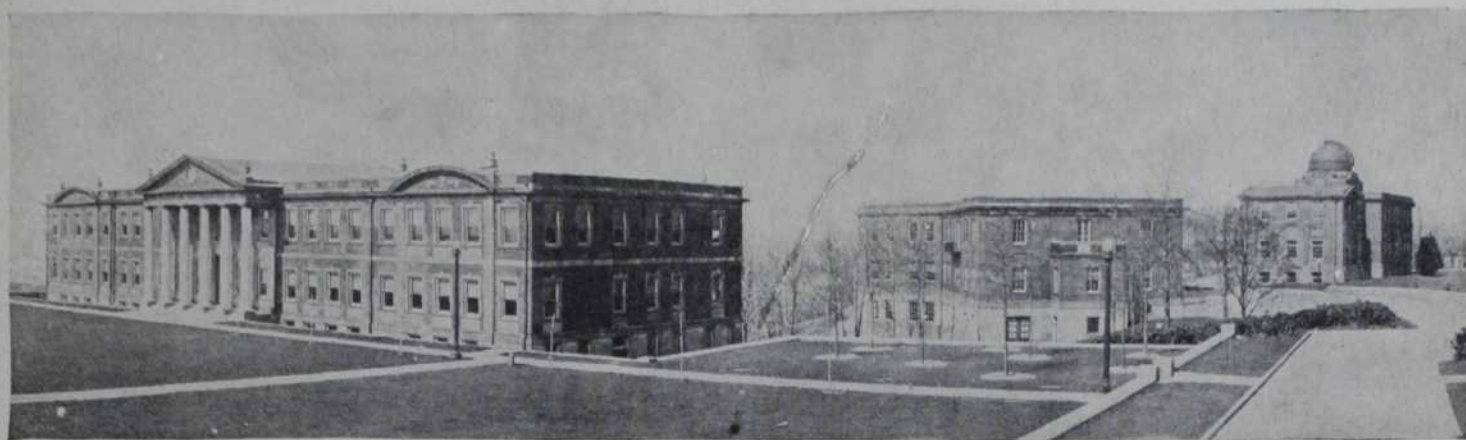
This is not the way to improve the living conditions of the people. What we want is more of everything for everybody—more necessities, more comforts, more luxuries—more automobiles—wherever you class them.

I do not wish what I have said of the necessity of putting a stop to the further inflation of credit to be understood as advocating a drastic contraction of credit, or as predicting a prolonged period of depression. There has been no contraction of credit as yet, and no forced contraction is contemplated. I do not think a prolonged depression is probable. The check to rising prices had to come, and whenever it came, it was inevitable that there should be a temporary check to industry.

John E. Rovensky, vice-president of the National Board of Commerce in New York, writing in *The Silver Edge*, had this to say of the danger of over expansion in the industry:

Whatever unwarranted expansion has taken place in the automobile industry has been in the increase of passenger car production for luxury use. Motor truck production, however, has been undertaken to an increasing extent by the larger manufacturers. As a result, there are fewer makes of trucks than of passenger cars, and truck design has been standardized to a greater degree.

Without doubt a period of trial is now at hand. It will result finally in eliminating many producers of the unstandardized cars now being built and sold with little reference to utilitarian purposes. Such a period is the necessary and inevitable preliminary to placing the industry on a solid foundation resting upon the truck and its growing practical use and upon the production of moderate priced passenger cars which are filling an increasingly useful purpose.



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Encouraging Flour Exports

THE EXPORTS of wheat in September of this year were 30,750,000 bushels against 17,000,000 bushels for September, 1919. Exports of flour this September were only 938,000 barrels, compared with 1,764,000 barrels in September a year ago.

The flour millers of the United States have been attributing the falling off of export orders for flour and the stimulation of the export of wheat to the high differential which has been maintained during the past several months in the ocean freight rates on flour above the rates on wheat. The United States Shipping Board heard from various individual shippers and organizations protests against the maintenance of the high differential.

The Foreign Commerce Department Committee of the Chamber of Commerce of the United States went on record as being opposed to the maintenance of any unwarranted discrimination in the ocean freight rates. This recommendation, approved by the board of directors of the National Chamber, was communicated to the United States Shipping Board. It was pointed out that the maintenance of an unwarranted differential against a manufactured product as compared with the raw material is likely to have a very adverse effect on the manufacturing industry, and the various tributary and allied industries.

Toward the end of October the Shipping Board released an announcement to the effect that on Shipping Board steamers from November 1, 1920, the base differential on flour above the rate on wheat would be five cents per 100 pounds. Before the operation of this new base differential, the rate on flour has for months been above the rate on wheat by twenty-five cents or more per 100 pounds. Under date of October 26, the Foreign Commerce Department of the National Chamber received from an official of the Shipping Board a letter commenting on the new differential and concluding as follows:

"I understand this adjustment is entirely satisfactory to the milling interests and hope that it may accomplish what they say; that is, a great increased sale of American manufactured flour in foreign countries."

The effect of the reduction of the differential on Shipping Board vessels remains to be seen. As the matter now stands, the millers contend that the rate on wheat and the rate on flour should be on a parity if the American export trade in flour is to continue.

Federal Incorporation

AMERICAN business men engaged in the China trade have heard a good deal the past few months regarding the need of federal incorporation of companies of Americans in business in China, and further, the need of the exemption from income and excess profits taxes of American enterprises operating locally in and from China. The American Chamber of Commerce of China, with headquarters at Shanghai, and the American Chamber of Commerce of Tientsin, have been active proponents of the need of legislation to these ends. During the summer twenty United States Senators and Representatives in Congress visited Shanghai, and the Americans in business there took occasion to plead the case before them.

Mr. C. L. Seitz explained that every company, whether British, French, Japanese or American, that operates in China does so under the laws of its own country. He stated that American business is at a disadvantage

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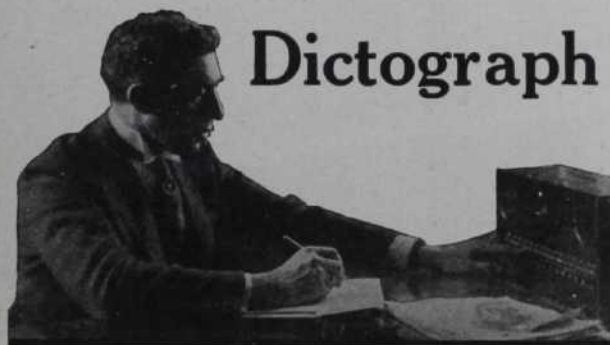
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in operating under state incorporation laws, which he characterized as in many cases lax for corporations operating outside the local state jurisdiction. Chinese business men were described as looking askance at proposals to put their money into American companies formed under laws of states by which the company affairs are too often not properly safeguarded; it had been found further that credits are hard to arrange with foreign banks unacquainted with the intricacies of the corporation laws of the various states.

On the other point—exemption from taxes—the success of the companies, and the chance of attracting Chinese capital into them, were both interfered with by the requirements of payment of income and excess profits taxes to the United States government, whereas British and other competing companies locally incorporated had to make no such payments. The American companies were said to be prevented from accumulating needed surpluses to carry them through lean years; the British idea was described as recognizing that the risks of trade in the Orient are such that the average merchant cannot operate under the conservative lines obtaining under the more settled conditions in Great Britain and the Dominions.

Proposed legislation for federal incorporation of American companies operating locally in China, and exemption of such companies from income and excess profits taxes, has gone through many vicissitudes. At some stages the proposals have been criticized on the ground that they would place the supervision of all such companies in charge of the United States Department of Commerce in Washington, and all would have a sort of prestige as being sponsored by the Federal Government. At other stages the legislation has not been clearly enough defined to restrict its operation to companies whose officers and whose business are really located in China under the supervision of the United States court at Shanghai.

Possibility of using such legislation for the extensive evasion of American income and excess profits taxes has been pointed out. In other forms the proposed legislation, which was avowedly directed against the wild-catting possibilities of lax state corporation requirements, itself made possible the operation of the companies when only four per cent of the capital should be paid in, and seemed to lend itself to wild-catting.

If the congressmen accept the suggestions made by the American business men whom they met at Shanghai, and in resubmitting such legislation cover these various points, even some of the opponents of legislation for federal incorporation and of legislation exempting any class of American enterprise from federal taxes, would have their most weighty objections removed. The companies would, in many respects, be comparable to companies controlled by Americans incorporated in the Philippines, or American companies incorporated under the laws of foreign countries. In general, such legislation would recognize the jurisdiction of the American court at Shanghai as constituting a separate field for special incorporation requirements.

Another Landslide!

NATIONALIZATION is an idea that for all practical purposes has passed into the realm of academic discussion. If proof were needed, British seamen and firemen have given it. Taking a vote upon nationalization of British shipping, they rolled up a majority of 11,000 votes in a total of 25,000 in favor of private ownership and operation.

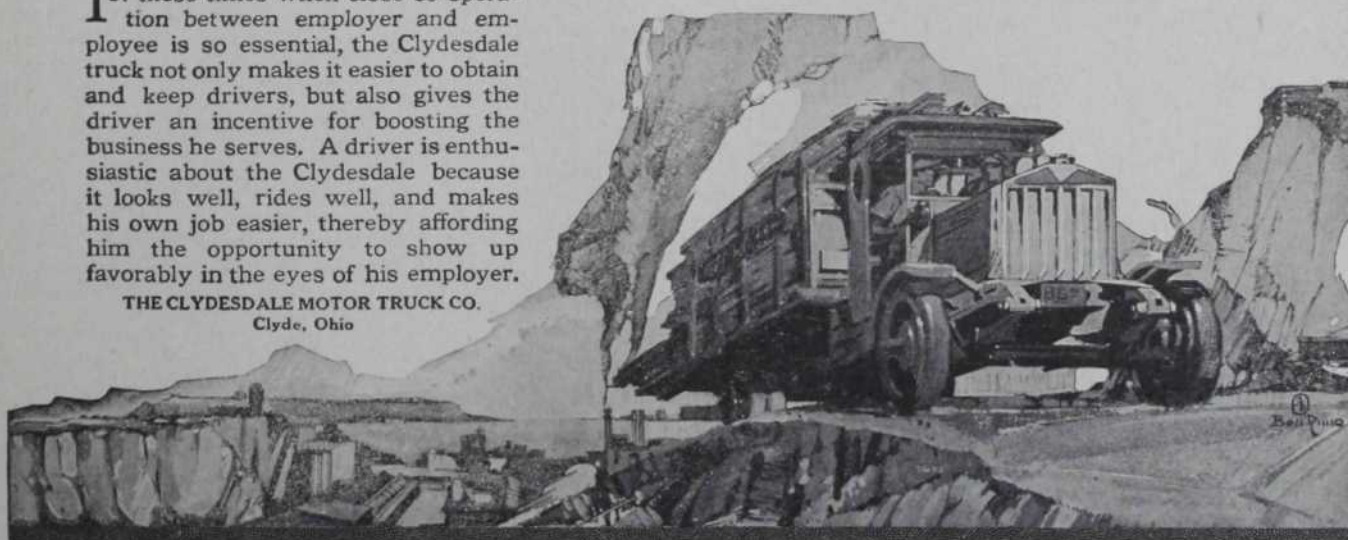
PERFORMANCE

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IN these times when close co-operation between employer and employee is so essential, the Clydesdale truck not only makes it easier to obtain and keep drivers, but also gives the driver an incentive for boosting the business he serves. A driver is enthusiastic about the Clydesdale because it looks well, rides well, and makes his own job easier, thereby affording him the opportunity to show up favorably in the eyes of his employer.

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MOTOR TRUCKS



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Whether up or down hill, through mud or sand, over rough or smooth roadbed, the Clydesdale will travel at a uniform speed once the throttle is set. On an up grade, the controller feeds the motor more gas. On a down grade, it cuts down the gas. All the driver needs to do is steer and shift gears when necessary.



WITH 'EM from THE START

Long before Cleveland became the home of the champions of our National game, Ohio had many champions in the commercial and industrial game; such as the cash register, the rubber tire and that 99.⁴⁴/₁₀₀ per cent. pure product.

The Windhorst Company, of Cincinnati, occupies 32,000 square feet of floor space and employs over one hundred salespeople. This concern was established five years ago and has shown a steady growth.

Soon after opening, the *Sperry* Service of co-operative discount was adopted, and the little *S. H.* Green Stamp has been with 'em from the start.

Commenting recently upon the merits of this discount-for-cash token, Mr. Frank L. Lippard, President and Treasurer of The Windhorst Co., said, "*We do not hesitate recommending your system to anyone desirous of a good sales promotion plan.*"

If it was necessary, we might say more about this concern and its endorsement of the *Sperry* Service.

THE SPERRY & HUTCHINSON CO.
114 Fifth Avenue New York

The Log of Organized Business

A new department of the National Chamber under way—The spread of the American Business Organization abroad—Cleveland goes on record for the Open Shop—What other organizations are doing

A. C. BEDFORD, chairman of the Board of Directors of the Standard Oil Company of New Jersey, has been made chairman of the Executive Committee of the Chamber of Commerce of the United States. He succeeds Frederick J. Koster, of San Francisco, who resigned to return from New York to the West to devote his entire time to his business. At the time of his appointment by President Defrees, Mr. Bedford was in Paris attending the first meeting of the Board of Directors of the International Chamber of Commerce, of which body he is vice-president for the United States.

A New National Chamber Department

ANOTHER department of the National Chamber of Commerce has been inaugurated by the appointment of John Ihlder, managing director of the Philadelphia Housing Association, to be head of the Civic Development Department. This is the fourth department to be established since the National Chamber was reorganized and its activities divided into eight departments. The other three departments operating are Foreign Commerce, Insurance and Fabricated Production. The remaining four, which are Departments of Finance, Transportation and Communication, Natural Resources Production and Domestic Distribution, will be established in the next few months.

Mr. Ihlder, who is a housing expert and has had much experience along general civic lines, is taking hold of the new department at a time when the housing problem is one of the most important questions before the country. Mr. Ihlder has made a close study of the national housing situation and his practical knowledge of conditions will be helpful to the Chamber of Commerce in its efforts to assist in solving the country's housing problem.

Mr. Ihlder became secretary of the Philadelphia Housing Association in 1917. During 1918 he was the Philadelphia representative of the Housing Corporation and chairman of the Home Registration Service. The virtual cessation of all private construction when the United States entered the war soon produced so great a house shortage in the Philadelphia district as to threaten to lower production of war material. The Philadelphia Housing Association held conferences with builders, manufacturers and Federal officials, made investigations in the interests of federal departments and carried on a constant campaign until congress finally enacted legislation and the United States Housing Corporation and the Emergency Fleet Corporation were authorized to build dwellings. More than half of the appropriations for this purpose was spent in the Philadelphia district. Mr. Ihlder is also secretary of the Philadelphia Housing and Town Plan Association.

Alvin E. Dodd Appointed

INAUGURATION of the National Chamber's Department of Domestic Distribution will take place within the next few weeks, following the appointment of Alvin E. Dodd, at present director of the Retail Research Association, of New York, to be manager of that department.

This new department, one of several included in the scheme of internal reorganization of the National Chamber's machinery of operation along lines paralleling the main divisions of American business, will make studies in the field that lies between production and consumption in the United States. The Foreign Commerce Department of the National Chamber, one of the first of the new departments to be started, will cover foreign trade.

The Department of Domestic Distribution will also work in conjunction with the Fabricated Production Department, already operating, and the Department of Natural Resources Production, which is expected to be established before the end of the year.

As soon as the Department of Domestic Distribution is organized it will be its duty to segregate those organizations and members of the National Chamber whose business activities are within the scope of the Domestic Distribution field. It will then proceed to render service to this clientele and to handle, through research and committee activity, problems that come to it from this membership.

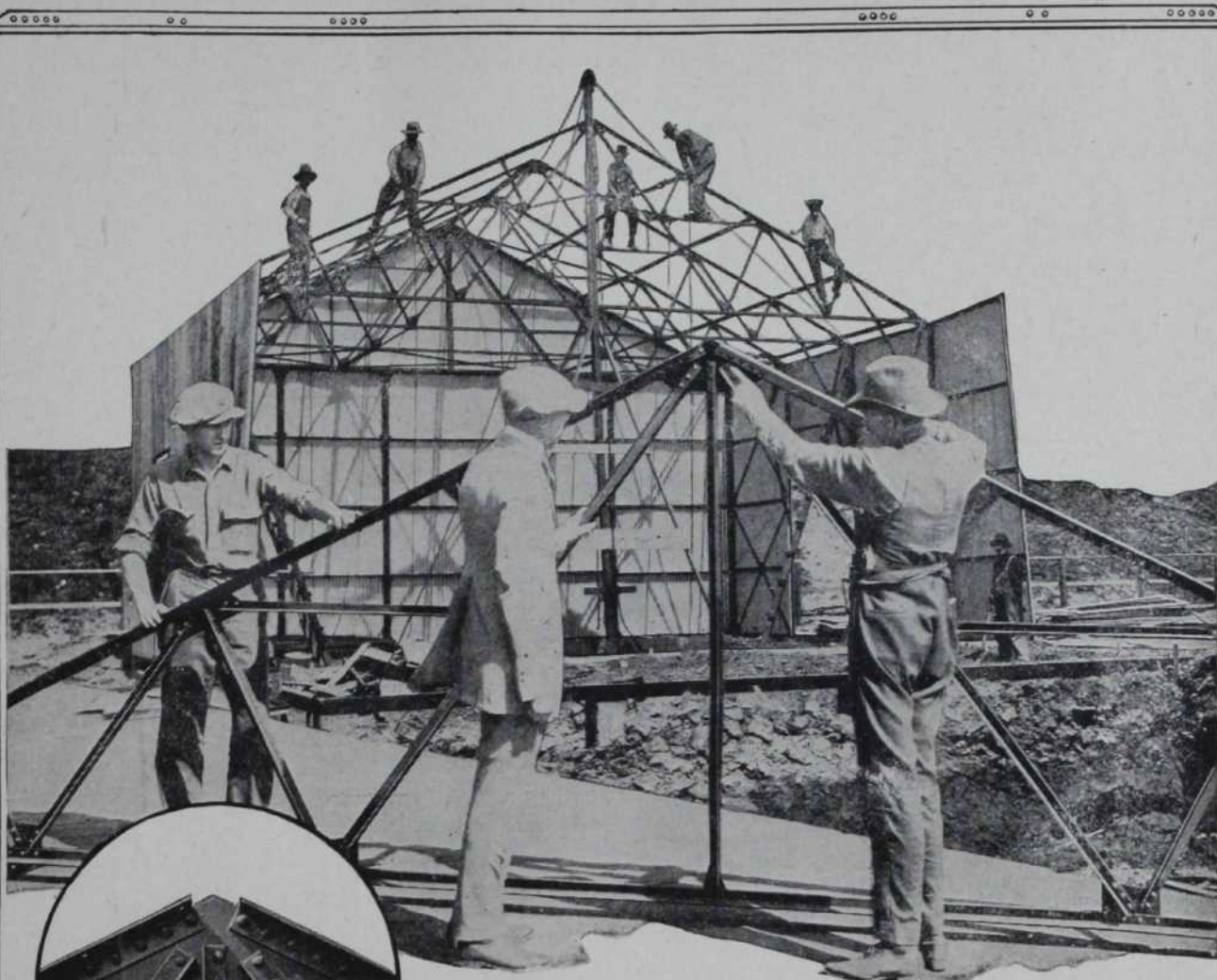
The department will be provided with a departmental committee, composed of from seven to fifteen business men of practical experience. This committee will act in an advisory capacity to the department manager and will consider and pass upon his proposals as to the lines of work first to be taken up by the new department.

Mr. Dodd has been connected with the Retail Research Association for nearly three and one-half years, during which time the organization has gained an enviable reputation in research and retail development. When the National War Service Committee of Dry Goods and Department Stores was organized, that the retail interests of the country might have representation in the work of mobilizing the resources of the United States, Mr. Dodd acted as executive secretary.

Representing the International Chamber

AN AMERICAN Section of the newly organized International Chamber of Commerce, now functioning in Paris, has been established by the Chamber of Commerce of the United States with offices at the headquarters of the National Chamber in the Mills Building at Washington. Lacey C. Zapf, Assistant Manager of the Research Department of the National Chamber, has been appointed secretary of the American Section and will devote his entire attention to that work.

The American Section will be the direct representative of the International Chamber of Commerce in this country. In addition to receiving applications of American business men and organizations for membership in the International Chamber, it will be the duty of the American Section to keep the International Headquarters, through the American Administrative Commissioner, located at Paris, informed as to economic, industrial and social conditions in the United States. It will also be charged with making effective in the United States resolutions and any other action taken by the International Chamber. National Bureaus will



The enlargement shows the Stefco hot riveted construction used throughout; the same as used in the heaviest engineering jobs—bridges, skyscrapers, etc.—a real engineering feature that means strength, rigidity and permanence.

A Large Foundry Company Writes:

"We purchased our first Stefco building in February, 1920. It is a building 20 ft. wide by 60 ft. long. We are using it for storage. The building was very easily erected; all the trusses and side walls were received in good condition and so numbered that ordinary workmen could erect the building.

"At the time we bought the building we made comparison of the cost of Stefco buildings and other buildings of similar sizes, of wood and brick, and found the Stefco building cheaper.

"The three outstanding features which influenced us to buy the Stefco building were its ease of erection, low cost and ease of moving if it ever became necessary for us to move from one location to another."

Give Your Business the Chance It Has Earned At a Price It Can Afford To Pay

LABOR and material conditions and "cost-plus" methods have put ordinary building construction out of reach. And yet, to take care of your growing business, you must expand to meet the demands of trade—which means prompt deliveries. You must provide facilities to render service to hold this trade.

Manufacturers today are solving their building problems with Stefco buildings. They are real structural steel, of the rigid mill type, brought down to one-story size and made sectional, flexible and adaptable, in sizes for every industry.

Eliminate "Cost-Plus" Building Hazards

Stefco buildings are erected to specifications that identify every cost—the whole cost—in your building operations. In these days of prohibitive prices, you can eliminate the "cost-plus" method under which most structures have to be planned. With Stefco you know exactly what you are buying and the erection chart, with every part numbered, enables you to erect in a few hours or a few days, with skilled or unskilled labor.

In writing for illustrated catalog, you will save time by mentioning to what use you will put the building, with approximate width, length and height of side-walls. Our service in helping you solve your building problem is FREE.

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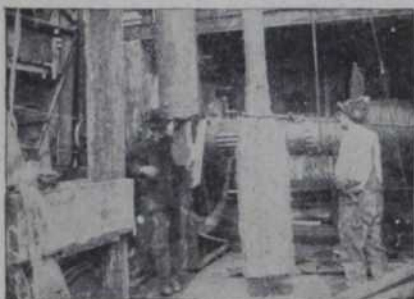


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Test Well for Oil in England



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We are Specialists in
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also be established in the other four associated countries, England, France, Belgium and Italy.

Mr. Zapf has had much experience in foreign commerce. For some time he was special assistant to the Director of the Bureau of Foreign and Domestic Commerce of the Department of Commerce and aided in organizing the War Trade Board during the war. He also assisted in organizing the Tanners' Council, an industrial organization created at the request of the War Trade Board to control the importation and distribution of hides and skins and leather, raw stock, during the war, and served as general agent in charge of the New York District Tanners' Council.

Besides the National Bureau of the United States, there will also be a committee of twenty-five American business men appointed by the Chamber of Commerce of the United States to act in an advisory capacity to the National Bureau.

The International Chamber

TWO DEPARTMENTS of the United States Government expressed their interest in the International Chamber in letters which were read before the first meeting of the Board of Directors held at Paris. The letters from the Department of State and Department of Commerce were addressed to A. C. Bedford, chairman of the Board of Directors of the Standard Oil Company of New Jersey, and vice-president of the International Chamber for the United States. Mr. Bedford represented the United States.

Norman H. Davis, Under-Secretary, writing for the Secretary of State, says that "the Department of State realizes the benefits to be derived from mutual understanding and cooperation among the business communities of the various nations."

Joshua W. Alexander, secretary of the Department of Commerce, writes that, "I should like to emphasize the great interest which the Department of Commerce has in the formation of such a body."

Other governments expressed their interest in the aims and purposes of the new organization.

The matter of inviting other countries into the International Chamber was taken up by the directors, and President Clementel was authorized to continue his activities in that direction.

Representing the other countries, there were present:

For Belgium: Canon-Legrand, acting vice-president; A. deGroote, William Thys, G. L. Gerard, secretary.

For France: Eugene Schneider, René Duchemin, Jean Coignet, Jules Godet.

For Great Britain: Sir Arthur Shirley Benn, M. P., acting vice-president; Hon. J. G. Jenkins, Walter Leaf, J. E. McCulloch.

For Italy: Rolandi Ricci, senator, vice-president; Marco Cassin, Giorgio Mylius, Nicolas Pavoncelli, Mr. Valdiserra, secretary; Ugo Capitani, administrative commissioner.

To Improve the Mail Service

FULL cooperation and assistance to the Congressional Joint Commission and its advisory council appointed to study postal conditions was tendered by the Committee on Postal Facilities of the Chamber of Commerce of the United States in a resolution adopted at a recent meeting of the committee held in Washington. The resolution further stipulated:

"In tendering this cooperation this committee expresses its belief that the question of adequate postal facilities is of vital and

fundamental importance to the present conduct and future development of the business of the country and that the development of branch postal service to the greatest possible degree of efficiency at the earliest practicable moment is a national necessity."

The Chamber's committee also renewed its offer of assistance to the Local Postal Facilities Committee appointed under the original plan of cooperation with the postal authorities to secure action on improvements of local service which the committees may recommend. It was part of the original plan that local committees and postmasters should report the results of their investigations to the National Chamber's committee and to the Postmaster General. The purpose of this part of the plan was to secure greater cooperation between the Postoffice Department in Washington and the National Chamber's Committee of Postal Facilities and also to assure to local committees the assistance of the central committee in securing consideration and recommendations and the reports.

Such assistance has been rendered in many cases during the past year and the committee is hopeful that all local committees will feel that the services of the central committee are at its disposal.

American Chambers in Foreign Lands

WITH the organization of an American Chamber of Commerce at Pernambuco, Brazil, news of which has just reached the Chamber of Commerce of the United States, there are now twenty-eight similar organizations promoting American trade in foreign countries. There are three other American Chambers of Commerce in Brazil at Rio de Janeiro, Santos and Sao Paulo. China leads all other countries in the total number of American Chambers of Commerce, with six such bodies. They are at Shanghai, Tientsin, Peking, Hankow, Harbin and Changsha. There is a Chamber at Vladivostok, Siberia, in process of organization.

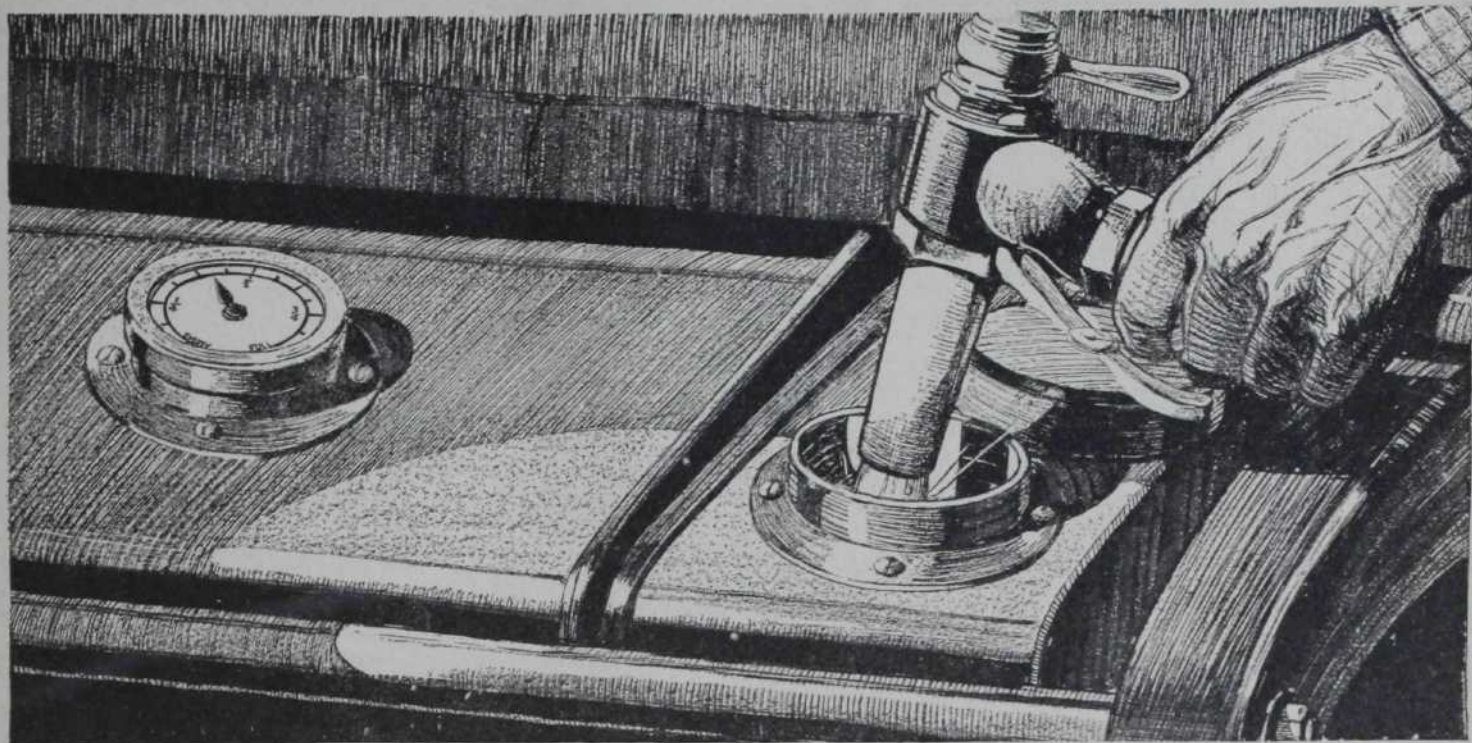
All these foreign chambers of commerce maintain a high standard in their membership and are doing a great deal to enhance the prestige of American business men and promote American trade.

The oldest American Chamber of Commerce organization in a foreign country was that formed in Paris in 1894. The organization was incorporated under the laws of the District of Columbia in 1906. The Paris Chamber is now establishing branches throughout France. This organization has about one thousand members who maintain splendidly equipped offices in Paris and employ a permanent secretary who gives his entire time to the organization work.

Besides the American Chambers of Commerce in Brazil, China and France, similar organizations are located in the following countries: Argentina, Bolivia, Chile, Colombia, Cuba, England, Italy, Mexico, Spain, Turkey, Germany, South Africa and the Philippine Islands.

What the Bankers Did

SUMMARIZED very briefly here are the resolutions adopted at the annual convention of the American Bankers' Association held recently in Washington: Approved the operation of the Federal Reserve System, stressed the fact that while commodity prices generally have covered a range of increase from 115 per cent to 350 per cent, money costs have increased on the average less than 25 per cent; urged national thrift; revision of the present tax system; urged International Chamber of Commerce and railroad officials to continue to render utmost assistance to-



TIMKEN

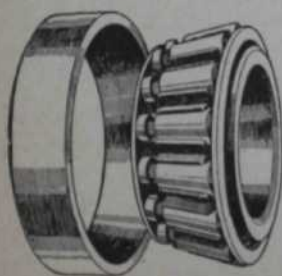
TAPERED ROLLER BEARINGS

Miles!

Friction, vibration, side play, backlash, *mean* loss of power, loss of money, fewer miles per gallon.

Timken Tapered Roller Bearings keep gears rigidly in mesh, withstanding every combination of radial load and thrust load. They are easily adjusted; maximum anti-friction. Through the very principle of their design they increase car mileage, give you *more* miles for your money.

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Timken Tapered Roller Bearings are used in the great majority of automotive vehicles at points of hard service:

Transmission Pinion Shaft
Front Wheels Differential
Rear Wheels Steering Knuckle
Rear Axle Gears—Worm Gear,
Internal Gear, Bevel, and Double
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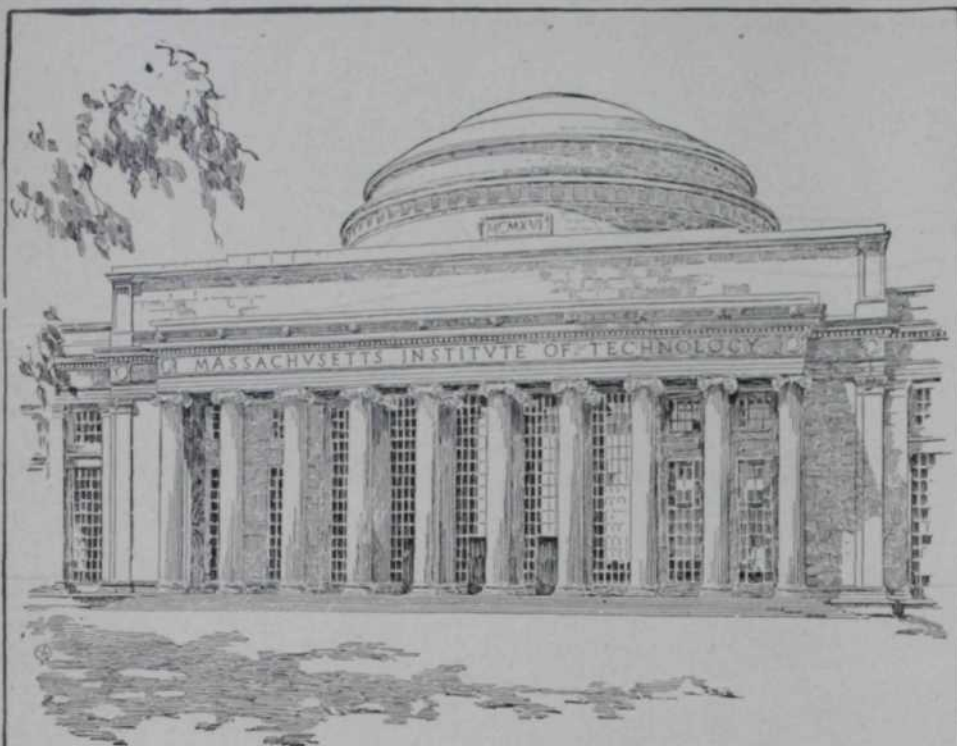
This leadership is established on the tapered principle of design, quality of manufacture, performance on the road, and service to the automotive industry.

We like to have you figure Timken Bearings in *dollars and cents!*

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Plants manufacturing complete bearings at
Canton, Ohio; Columbus, Ohio; Birmingham, England; Paris, France.
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Timken Tapered Roller Bearings for Trucks, Tractors, Farm Implements, Passenger Cars, Trailers, Machinery, and Industrial Appliances



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Wm. M. Borworth, Architect, New York City

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ward providing efficient transportation service; deplored utterances challenging the integrity of America's bankers as a whole; emphasized the tremendous cost the country suffers through unwarranted strikes; urged that attention be given housing situation; endorse the plan for providing relief for the sufferers in the Near East; favored present arrangement of cooperation between the federal and state governments in the construction of national highways; praised work of American Institute of Banking; urged bankers to cultivate friendly public relations; urged bankers to join in the rehabilitation and adjustment of affairs.

Trade Secretaries Convene

SOME of the most interesting topics discussed at the annual meeting of the National Trade Organization Secretaries, which was rechristened the American Trade Association Executives, held on October 28 and 29 at Lenox, Massachusetts, were: "The Financing of Trade Associations," by Wilson Compton, National Lumber Manufacturers' Association; "Technique of a Trade Secretary's Work," H. S. Kellogg, News Print Service Bureau; "How Can a Trade Secretary Handle Traffic Problems," E. A. Brand, Tanner's Council; "Procedure of a Trade Secretary with the United States Government and Its Departments," Alfred Reeves, National Automobile Association; "How Can a Trade Secretary Develop Efficiency Within the Industry?" Charles L. Estey, United Typothetae of America.

In addition to these interesting subjects, Henry W. Wise, formerly United States District Attorney of New York, who was requested to talk on the subject, "Recent Legal Decisions and Government Rulings Affecting Trade Associations," digressed a little from his subject to explain the sort of activities trade associations can indulge in without infringing upon the law.

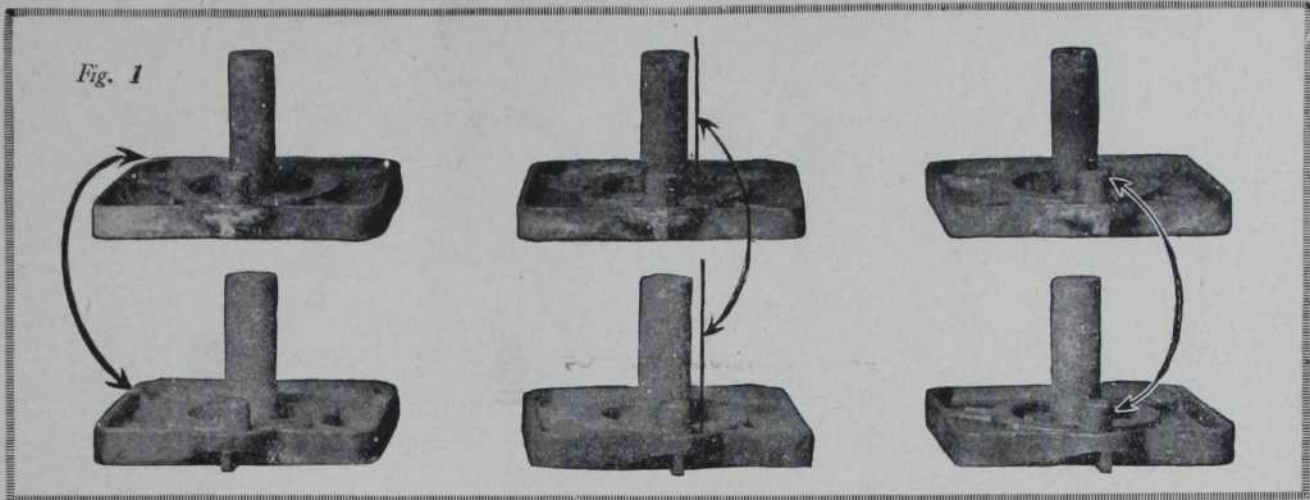
Officers elected for the ensuing year were: E. H. Naylor, of the Writing Paper Manufacturers' Association, New York, president; George D. McIlvaine, secretary of the National Pipe and Supplies Association of Pittsburgh, vice-president; Fletcher D. Dodge, secretary of the Toy Manufacturers of the U. S. A., New York, secretary-treasurer.

Commercial Secretaries Meet

HERE are some of the things commercial organization secretaries discussed at their sixth annual convention held at Chicago, October 25-27: "What Part, If Any, Shall a Chamber of Commerce Take in Industrial Financing and When?" "Trade Extension," "Traffic, Present and Future," "Social Service Activities of the Chamber of Commerce," "Solving the Housing Problem," "Motives that Actuate Membership," "Reasons Why the Chamber of Commerce Should Interest Itself in the Farmer," "Statistics and Information in Regard to the City Which the Chamber of Commerce Should Have," "Conventions and Community Publicity," "Soliciting Schemes," "State Chambers of Commerce, Their Need, Organization and Purpose," "Safeguarding Your Health as a Community Asset," "The Commercial Organization and Community Progress," "The Junior Chamber of Commerce—Its Structure—Its Aims—Its Value," "Necessity for a Common Sense Plan in the Development of the City."

Mexican-American Scholarships

TO PROMOTE a more friendly feeling between the United States and Mexico and to develop trade, the American Chamber



Lower costs attained by elimination of unnecessary machining

NO detail of machine-shop work holds the eye of the inexperienced visitor more absorbingly than the spectacle of a machine as it gouges off deep bites of metal from a casting. Compute the cost of the machinist's time, lump in the proper overhead for the machine and floor-space, and then add the cost of waste metal and it becomes quickly apparent how expensive a form of entertainment this can be.

Every unnecessary cut is pure waste.

It represents a mistake in the selection of castings.

On this page are shown in photograph and diagram exact reproductions of castings taken from actual practice which illustrate the waste resulting from inferior castings.

The upper row in the photographic illustration above (see Fig. 1) shows a series of castings produced by machine moulding. Below is the same casting in series as made from hand-made moulds. Even in reduced reproduction the contrast between the non-uniform hand-made casting and the uniformly regular machine-made casting is easily apparent. (No effort was made to make a favorable selection of the machine-made castings.)

As the lower group of castings came to the machine shop for layout, each casting was a separate problem to the layout man. He was compelled to locate holes off center on bosses—and do many other undesirable things to make his principal cuts come uniform—or at all. Contrast this with the upper group of castings—"as like as peas in a pod"—the layout man's difficulties disappeared—repetition makes fast work easy.

Furthermore, in the case of the hand-made casting the shell of pad metal not only

bulks greater but its thickness varies greatly. So great is this variation that frequently such castings, although they appear to the eye as O. K., are dangerously near being defective because there is no margin of metal between the surface of the rough casting and the specified dimension of the finished surface. When "hollows" penetrate even $\frac{3}{32}$ " too deep, no choice then remains except to scrap the casting and charge to "Expense" the labor performed on it before the discovery.

The irregularity of the hand-made casting, when compared with the even, uniformly shallow depth of waste metal on the machine-moulded casting, makes clear at a glance the greater rapidity and uniformity possible in machining the latter.

Machine-moulding in the best machines can be accurately controlled within $\frac{1}{16}$ inch per inch of pattern draw. This degree of accuracy, backed by the fact that the machine-made mould is free from non-porous spots caused by hand-patching and slicking, insures the remarkable uniformity here pictured.

Based on this uniformity (and impossible without it),



Fig. 2

Figure shows an average of comparative costs furnished by scores of machine shops before and after the adoption of machine-made castings.

wholesale economies can be effected in machine-shop practice where large scale production is the goal. First comes the sweeping economy in lay-

out time where one laying-out of a job serves as the only basis required for repetition day after day of the same cuts on castings which are themselves uniform. Second comes the saving in cutting time, due to reducing the shell of waste metal to a minimum. Compute the saving of only a single cut less across each face of a casting and then multiply it by the number of castings handled per day and you gain a partial picture of the resulting yearly economy. The third economy results from the

closely-held accuracy of the machine-made casting which virtually eliminates defective castings, and cancels the previous losses due to waste machining on defective castings—a decrease of 71% in defectives is the average result of the change to machine-made castings.

The sum of all these economies is graphically illustrated in Figure 2 which shows how the machining costs dropped in a large group of shops which adopted the machine-made casting.



BETTER CASTINGS

STEEL
MALLEABLE
GRAY IRON
BRASS
ALUMINUM

Bigger production would not justify machine-moulding if the castings were not unquestionably superior.

Osborn machine-moulding turns out more castings in the same working space, reduces or eliminates the loss in defective castings, reduces waste metal, reduces or eliminates chipping, scraping, stoning, filing, and assures satisfied customers.

In the Osborn line are hand or power-operated machines adapted to the requirements of any foundry. A letter will bring to your office an Osborn sales-engineer qualified to help you select the exact equipment for your particular needs.

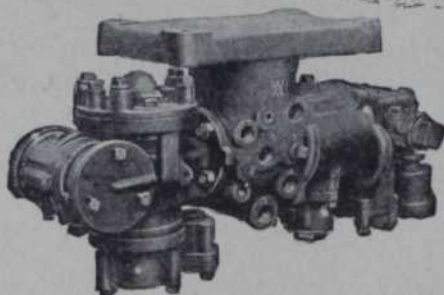
THE OSBORN MANUFACTURING COMPANY

<p>New York</p> <p>Allied Machinery Co. de France 19 Rue de Roeroy Paris, France Allied Machinery Co. d'Italia 40 Corso Dante Torino, Italy</p>	<p>CLEVELAND</p> <p>Foreign Representatives</p> <p>E. Isbecque & Cie. 36 Rue Otlet Brussels, Belgium</p>	<p>San Francisco</p> <p>J. W. Jackman & Co., Ltd. Caxton House, S.W. 1 London, Eng. Horne Company, Ltd. 6 Takayama-cho, Kyobashi-Ku Tokyo, Japan</p>
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*Plus
Perfect
Control*



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**The Westinghouse Universal Pneumatic
Brake Equipment
Schedule UC**

Is the most complete and highly developed form of pneumatic Passenger Car Brake. In its development, the paramount consideration has been to provide the maximum factors of **SAFETY, RELIABILITY AND EFFECTIVENESS**.

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of Commerce of Mexico, located in Mexico City, has adopted a plan for an interchange of scholarships between educational institutions in the two countries.

Already the American Chamber of Commerce in Mexico has had an offer from the University of Texas of six scholarships, each one carrying \$600 a year. The Mexican Chamber of Commerce feels certain that it will be able within a few months to offer between fifty and one hundred scholarships to Mexican youths from various parts of Mexico who will be chosen by the heads of Mexican universities.

This Chamber Runs a Hotel

FOR YEARS Ashtabula, Ohio, with a population of 22,000 was seriously handicapped by the lack of proper hotel facilities. In the spring of 1918 the members of Ashtabula Chamber of Commerce took matters into their own hands and decided to build a hotel. The money was raised by sale of stock among the business men of Ashtabula.

Hotel Ashtabula was thrown open to the public last summer. It has one hundred and nine outside rooms, a ballroom, dining room, a coffee house and all the other accessories to the complete hotel. It is being run by a private person who leased it from the Chamber of Commerce for a period of twenty years.

Lakes Plan Urged

EXTENSION of the waterways system connecting the Great Lakes with the Atlantic Ocean via the St. Lawrence River, the passage of rural credits legislation and the resumption of other functions of the War Finance Corporation were strongly urged by the National Implement and Vehicle Association at the closing session of its twenty-second annual convention, held recently at Atlantic City.

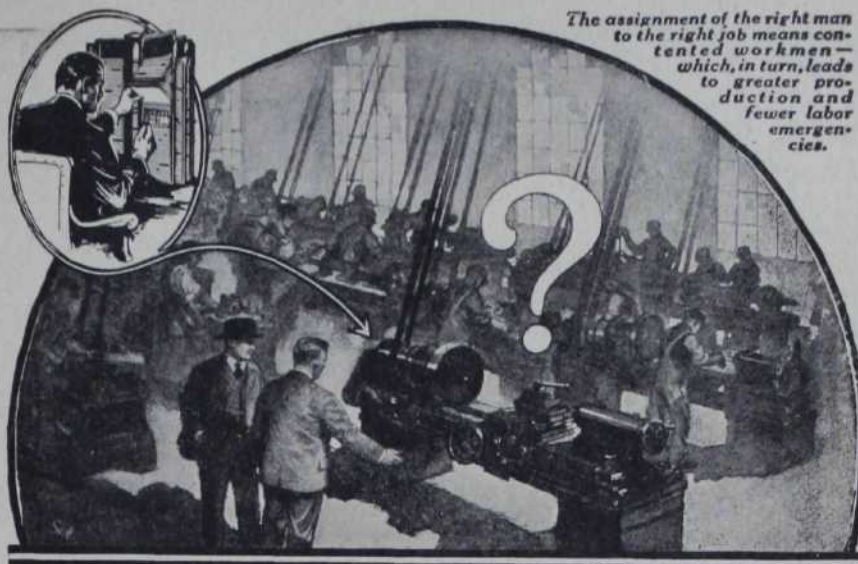
W. H. Stackhouse, of Springfield, Ohio, was elected president, and William Black, of Louisville, Kentucky, was elected chairman of the Executive Committee. Vice-presidents were elected from nearly every state in the Union.

Cleveland for the Open Shop

A DECLARATION for the open shop "in the interest of the public" has just been made by the Chamber of Commerce at Cleveland. Sentiment for this method of industrial relations has crystallized among many employers of the city. Particularly is this true in the metal trades where there is a strong demand for the open shop. Some industries are still aligned with the closed shop.

Ships and More Ships

IN A RECENT address delivered at the annual convention of the American Association of Port Authorities, Capt. F. T. Chambers, of the United States Navy, quoted Lloyd's Register of Shipping in estimating that the gross tonnage of sea-going steel steamers, which would be in existence as of June, 1920, if there had been no war, at 21,420,000 tons for the United Kingdom, 2,155,000 for the United States, 6,278,000 for Germany, and 21,050,000 for other countries, a total of 51,103,000 for actual tonnage owned. For actual tonnage owned at present, Lloyd's gives the United Kingdom 18,500,000, the United States 10,992,000, Germany 375,000 and other countries 17,720,000, or a total of 47,587,000. These figures exclude all wooden and old iron ships and all Great Lakes vessels. They also take



The assignment of the right man to the right job means contented workmen—which, in turn, leads to greater production and fewer labor emergencies.

"Burns has quit—who can fill his job?"

—and instantly Rand Visible Records indicate the wisest move

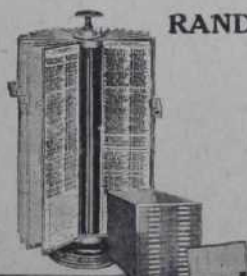
MEN suddenly quit, men on sick leave, men in unsuitable jobs—who can judge the tremendous losses in production due to high labor turnover? And today the spirit of unrest makes the percentage higher than ever before—while "overhead" is more costly than ever.

In many businesses success has rewarded the effort to hold down labor turnover, and it is remarkable how often the backbone of this effort is a Rand System of Visible Card-Records.

For Rand-displayed records fairly visualize each worker to the Personnel Director, the Manager, or the Superintendent. And what is more, Rand Equipment makes the records instantly accessible. You run your eye down the panel, which visualizes every name, till you see the one you want, then raise the card ahead—and all the facts are before you, ready to help you make an instant decision.

The Rand method of Visible Card-Records has made a most conspicuous success not only in solving the problem of Labor Control but also in Sales Promotion, Credit, Stock, Sales and Cost Records, and Production Control. The instant accessibility of these records substitutes facts for theories in the making of the executive's plans.

Visualize
your present
CARD-
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on the Rand.



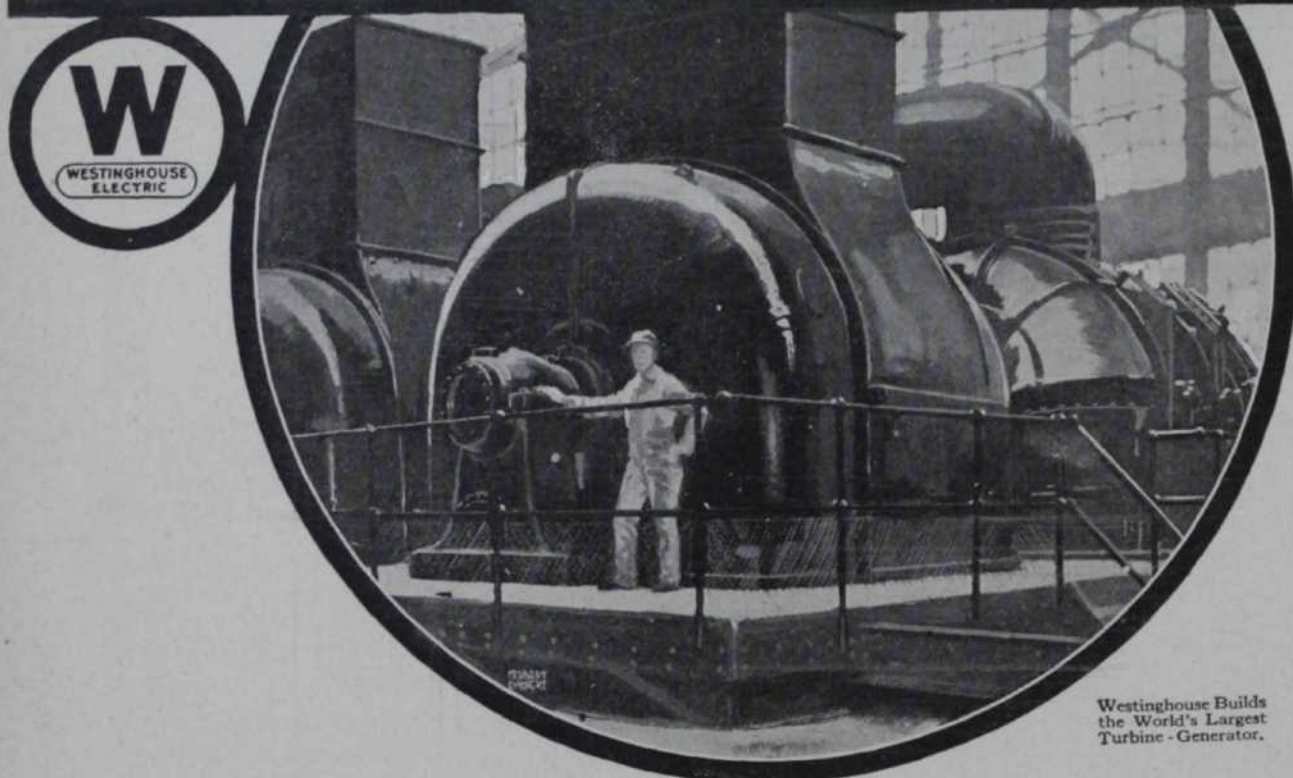
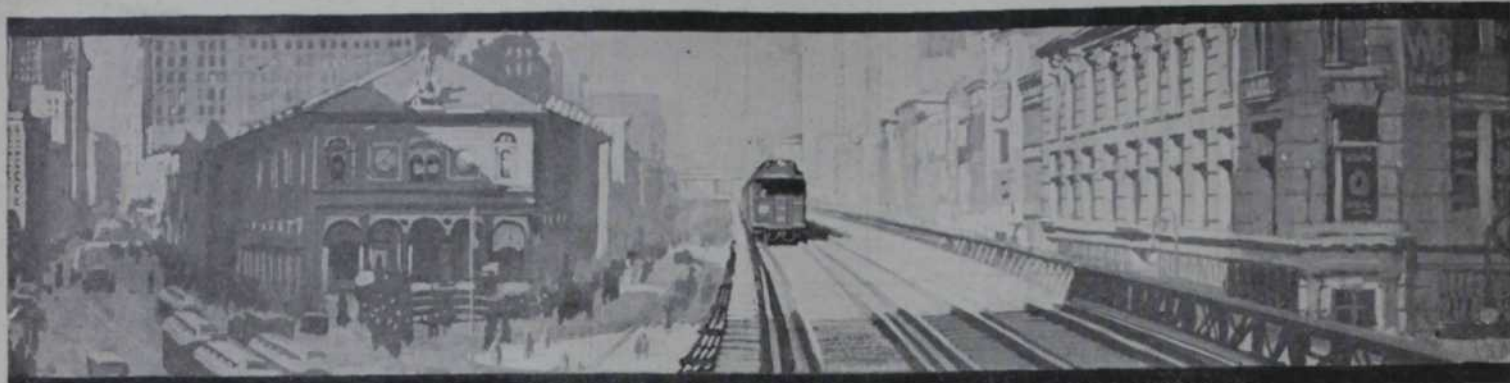
Our local office will be glad to confer with you about your particular problem—just 'phone today. Or write direct for our Record Control Booklet Address Dept. C-6

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Leading Cities

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VISIBLE BUSINESS-CONTROL

VISIBLE CONTROL OF CREDITS · PRODUCTION · PERSONNEL · STOCK · SALES · PROMOTION



Westinghouse Builds
the World's Largest
Turbine-Generator.

Setting the Pace for Power

More and more millions to be moved swiftly in subway, "L," and surface cars; thousands of workers to be carried to and from downtown New York and Van Cortland Park, The Bronx, Brooklyn and Queens. This is the transportation problem that is facing New York City and from decade to decade is compelling the production of electricity to keep pace with the demand for power.

To help the Interborough Rapid Transit Company in this tremendous task, Westinghouse has built and installed in the 74th street power house of that company the most powerful prime-mover in the world—a turbine-generator of truly amazing capacity and a triumph in engineering achievement.

This turbine-generator is rated at 60,000

kilowatts, continuous running. Only eighteen years ago there were installed in this same power house, huge triple expansion reciprocating engines for driving generators, which, though they then represented the farthest advance in power producing machinery, yielded but 5000 kilowatts each.

Although the most powerful turbine-generator in the world has twelve times the rated capacity of one of the original reciprocating engines, it occupies substantially the same area in floor space.

Not only in space-saving and coal-economy has this greatest of all prime-movers proved its worth, but it has also demonstrated the efficiency and reliability of Westinghouse turbine-generators, and of Westinghouse engineering.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

Westinghouse

PRIME MOVERS AND GENERATORS

no account of sailing vessels, of which the United States now owns over 40 per cent of the world's tonnage.

Bean Growers to Organize

NATIONAL organizations are all the rage these days. The bean growers of the country, at a recent meeting in Chicago, decided to organize a National Bean Federation. Growers were in attendance from Michigan, Colorado, New York and New Mexico, the leading bean states in the Union.

How to increase the demand and ways and means of marketing beans were two of the most important matters considered by the bean growers. It seems since the war the demand for beans has been reduced greatly.

In speaking of the falling off in the demand for beans, E. A. Little, of Lansing, Michigan, editor of *The Bean Bag*, the national bean organ, said "that people have quit eating beans. They are great fools. Since people started getting ten and twelve dollars a day they won't buy 'pork and' at the lunch rooms. We must reestablish the bean."

Helping Business Research

INDUSTRIAL RESEARCH is being promoted in England by the government. The following associations of manufacturers have been formed to conduct industrial and scientific research in the fields of their industries and have been given governmental assistance:

- British Boot, Shoe and Allied Trades Research Association, Northampton.
- British Cotton Industry Research Association, Manchester.
- British Empire Sugar Research Association, London, W. 1.
- British Iron Manufacturers' Research Association, Manchester.
- Research Association of British Motor and Allied Manufacturers, London, S. W. 1.
- British Photographic Research Association, London, W. C. 1.
- British Portland Cement Research Association, London, E. C. 3.
- British Research Association for the Woolen and Worsted Industries, Leeds.
- British Scientific Instrument Research Association, London, W. C. 1.
- Research Association of British Rubber and Tyre Manufacturers, London, E. C. 2.
- Linen Industry Research Association, Belfast.
- British Non-Ferrous Metals Research Association, Birmingham.
- Glass Research Association, London, W. C. 2.
- British Association of Research for Cocoa, Chocolate, Sugar, Confectionery, and Jam Trades, London, E. C. 4.
- British Refractories Research Association, Westminster, London, S. W. 1.
- Scottish Shale Oil Scientific and Industrial Research Association, Glasgow.

Research Associations approved by the Department, but not yet licensed by the Board of Trade:

- British Music Industries Research Association.
- British Leather Trades Research Association.
- British Launderers' Research Association.
- British Electrical and Allied Industries Research Association.
- British Silk Research Association.
- British Motor Cycle and Cycle Car Research Association.
- British Cutlery Research Association.

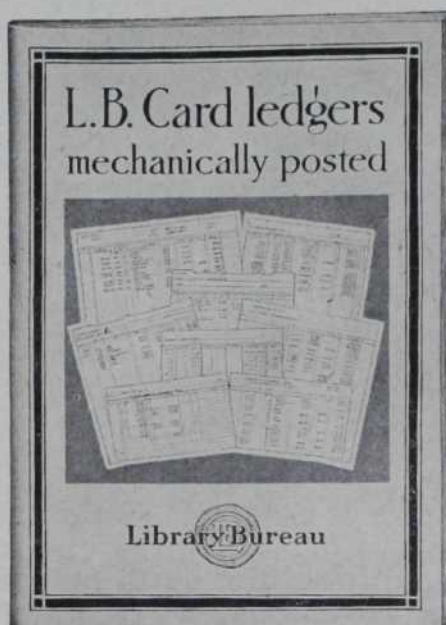
Proposed Research Association whose memorandum and articles of association are under consideration:

- British Aircraft Research Association.

Industrial organizations engaged in preparing memoranda and articles of association:

- Jute Spinners and Manufacturers.
- Grey and Malleable Cast Iron Founders.
- Master Bakers and Confectioners.
- Users of Liquid Fuels for Diesel Engines.

B



A book worth having—

It tells why the L. B. Card ledger has been adopted by business houses of every description.

It illustrates and describes a number of well-known installations. It shows a variety of forms and tells how they are used. It describes methods of handling the card ledger that have resulted in tremendous savings.

This book is of interest to every executive seeking better, quicker, more accurate methods of accounting. We shall be glad to send a copy to you free on request.

Write, telephone or call for
"L. B. Card ledgers mechanically posted."

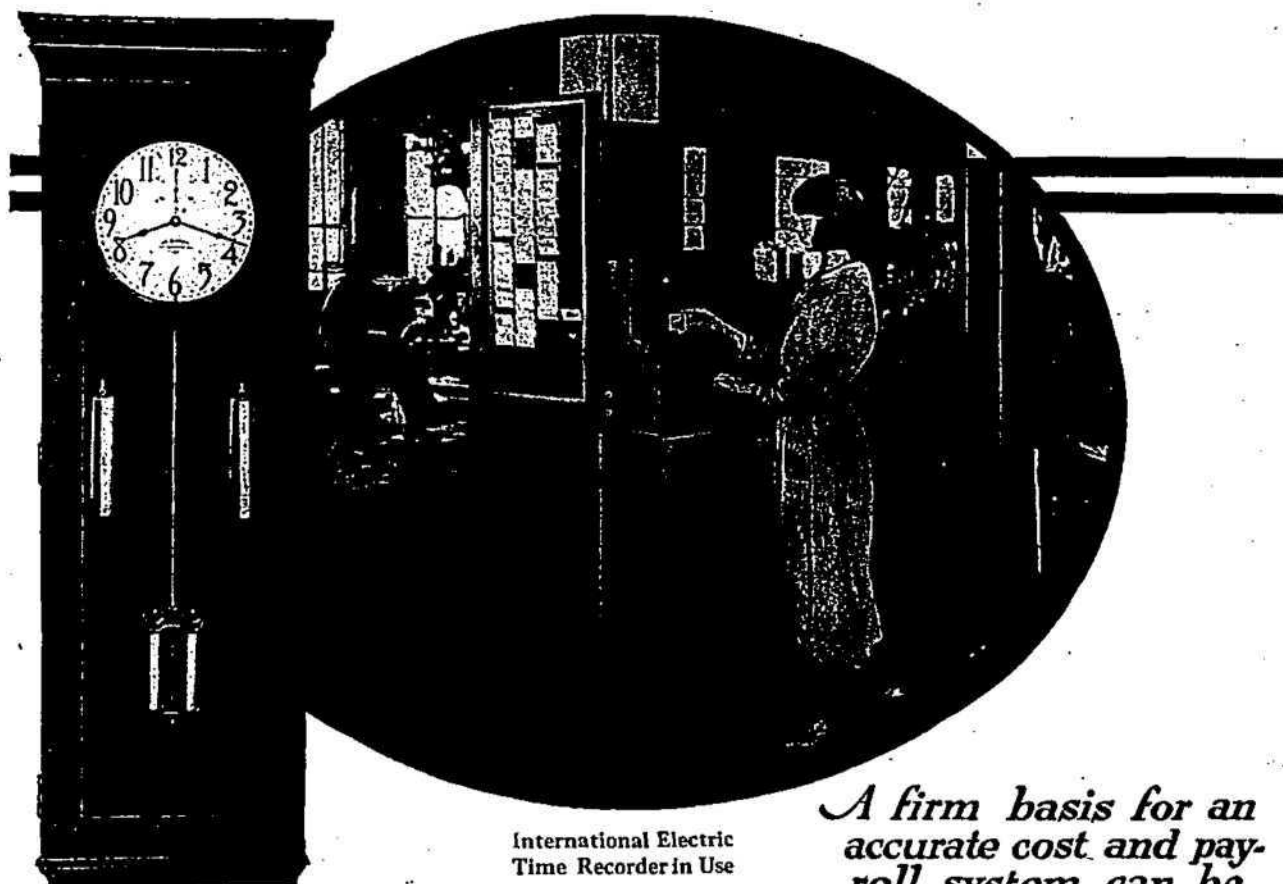


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43 Federal st.	316 Broadway	910 Chestnut st.	6 N. Michigan ave.
Albany, 51 State street	Louisville, Ky., 508 Republic bldg.	Washington, 743 15th street, N.W.	Worcester, 527 State Mutual bldg.
Atlanta, 103 N. Pryor street	Milwaukee, 620 Caswell block	Distributors	
Baltimore, 14 Light street	Minneapolis, 428 Second avenue, South	F. W. Wentworth & Co.,	San Francisco, 539 Market street
Birmingham, Vault Floor, Jefferson County Bank bldg.	New Orleans, 512 Camp street	Newark, N. J., 31 Clinton street	Seattle, 108 Cherry street
Bridgeport, 889 Main street	Pittsburgh, 637-639 Oliver bldg.	Portland, Me., 465 Masonic bldg.	Oakland, 305 Thirteenth street
Buffalo, 120-122 Pearl street	Portland, Me., 465 Masonic bldg.	Providence, 79 Westminster street	McKee & Wentworth,
Cleveland, 243 Superior arcade	Richmond, 1223-24 Mutual bldg.	St. Louis, 905-15 Arcade bldg.	Los Angeles, 440 Pacific Electric bldg.
Columbus, 29 South Third street	St. Paul, 121 Endicott arcade	Scranton, 408 Connell bldg.	Parke Bros.,
Denver, 450-456 Gas and Electric bldg.	Springfield, Mass., Whitney bldg.	Syracuse, 481-407 Gurney bldg.	Dallas, 109 Field street
Des Moines, 203 Hubbell bldg.	Toledo, 620 Spitzer bldg.		C. G. Adams,
Detroit, 68 Washington blvd.			Salt Lake City, 204-205 Ness bldg.
Fall River, 25 Bedford street			
Hartford, 78 Pearl street			
Houston, 1116 Texas ave.			
Indianapolis, 212 Merchants Bank bldg.			
Kansas City, 215 Ozark bldg.			
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Time Recorder in Use

A firm basis for an accurate cost and payroll system can be obtained through the records produced by

International Electric Time Recorders

Any number or styles of Recorders will maintain uniform time on one circuit without winding or other manual attention.

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Oldest and Largest Manufacturers in the World of Electrically and Spring Driven Time Recording Devices
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 Branch Offices in all Principal Cities of the World.

Junior Chambers Abroad

THE UNITED STATES, which got the Boy Scout idea from England, now has something to trade back. Across the Atlantic they're showing interest in the Junior Chambers of Commerce, the "J. C.'s," which aim to interest the young man from eighteen to thirty, too old for Boy Scout activities, but just ready to take hold of business and to see in it something more than a pay envelope.

General Baden-Powell is the father of the Boy Scout movement; Clarence H. Howard, of St. Louis, is the man who is chiefly responsible for the Junior Chambers. The two met not many months ago, and when two men who have a great common interest—in this case, boys—get together, results are apt to follow.

There is a hint of results in a letter from General Baden-Powell to Mr. Howard, in which he says:

"Your interesting and far-reaching scheme of Junior Chambers of Commerce is an eye opener—and now your beautiful letter is an encouragement such as one does not often get in trying to lift a big load into place."

The Junior Chambers, which are scarcely two years old, have 15,000 members, with the number growing all the time. From all over the country come calls on Mr. Howard to tell senior organizations about the new movement and these calls come from cities big and small.

One fine thing has been done for the St. Louis Juniors by David R. Francis, who is still, in name at least, our ambassador to Russia. Mr. Howard and the ambassador met on a train one day last April, and Mr. Howard, who is full of Boy Scout and Junior Chamber enthusiasms, got Mr. Francis interested to the point where he said he would consider leasing the Francis home in St. Louis for the youngsters' use.

He "considered" to such good effect that the building is now occupied, rent free for ten years, as a home for the St. Louis Junior Chamber, the Boy Scouts of that city and the United States Junior Chamber of Commerce. The United States Chamber of Commerce is furnishing a room in the building.

Encouraged by General Baden-Powell's letter, and by his attendance at the organization meeting of the International Chamber of Commerce in Paris, Mr. Howard will not be content until he sees an International Junior Chamber of Commerce in operation.

New Issues of Confederate Money?

CONFEDERATE money ceased to be current in the United States a number of decades ago, and has survived mainly in the form of souvenirs. Some persons with more energy than morals would seem to have collected stores of the old paper currency of the South and carried it to the Baltic provinces. In fact, they appear to have started the printing presses anew. At any rate, quantities of Confederate currency are now circulating among simple peasants, who think it good American money. Some of the swindlers have had equal success in disposing of tobacco coupons.

Price Cutting in Ships

SHIPS are not exactly obtainable as yet at bargain-counter prices, but they will not fetch in the market the sums that were paid only a few months ago. Over a period of three recent weeks, the price of a large British cargo boat, originally placed at \$1,300,000, dropped by \$300,000.



Two Ways of Working

There's an office downtown. If you dropped into it you'd think that all the business of New York City was being shoved onto the shoulders of one man. He keeps things at white heat ten hours a day. The moment he bellows, everyone drops everything. He is always bellowing, "Go get this—go get that!—Why hasn't this been done?—Who did this and why?" No one is immune.

There's another office near by, in which everything is orderly and serene. The amount of work accomplished is almost incredible. The personnel is limited to a few. The sun seems to shine there, even when it rains outside. The office force seldom changes. No one wants to get through.

This latter establishment operates via Select-O-Phone. It is automatic, requiring no operator. All you do is turn the dial at the base of the 'phone and in less time than it takes to tell it, your man is on the wire; you get your information. Thus your day's work is finished earlier; no confusion, no running around; nothing but pure accomplishment.

Send for the Booklet, "Turning Busy-ness into Business". Get a free demonstration on your own premises. Drop us a line before your mind relaxes.

SELECT-O-PHONE

200 Thurbers Ave., Providence, R. I.

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"DUSTITE" RESPIRATOR

Increases Output at Dusty Work

Nothing boosts production like protected, healthy workers. Watch your operations causing coughing, sneezing or difficult breathing.

The "Dustite" Respirator permits free breathing in poisonous or irritating dust, paint spraying and similar work. Also worn by doctors, dentists, nurses and others exposed to contagion. The filter is used dry and is renewable. The respirator is easy to wash and sterilize. The only respirator approved by The Underwriters' Laboratories.

Write for literature. Trial respirator sent (on approval) to plants for \$2.00.

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GOGGLES INC.**

Factory and Main Offices, Reading, Pa.

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The Troubles of King Cotton

How the South is struggling with this great staple which, though a practical monopoly, has been a curse to its producers

By CHESTER T. CROWELL

THE RECENT destruction of numerous gins and warehouses in the cotton growing states of the south calls to public attention one of the most serious problems in the United States. Arson will not solve this problem, but it is to be hoped that some good will come from the public attention resulting. This is no new problem. An inevitable crisis has been approaching for several years. Any fair-minded business man willing to examine the figures can readily be convinced that most of the cotton produced in this country since the Civil War has been produced at a loss. For the first time since I was born I saw cotton sold at a big profit to the producer during the years 1917, 1918 and 1919. Those years are fresh in the memory of the cotton grower. He will not go back to cotton production at a loss.

Cotton growers to-day may be divided into two classes: Those who have money in the bank, who are operating on a cash basis and, therefore, able to market their cotton gradually; and those who have no capital, except their labor and the labor of their children, who owe debts at the end of the season which force them to market their cotton instantly, regardless of price.

The real warfare is between these two classes, though all of the cotton farmers do not realize this. Some of them think they are fighting Wall Street or the spinners. The cotton farmers have been fighting wind mills for more than a quarter of a century. Their real enemy is lack of capital, high interest rates, and the more extremely ignorant element whose crops are virtually stolen from them every year.

Anyone who tries to understand the problems of the cotton grower of to-day must know something of the history of the crop in this country. It began as a slave labor crop. When the negroes were freed it became necessary for them to manage affairs that had previously been managed for them. They did not know how to buy or sell wisely. In consequence they dragged down the smaller white plantation owner to approximately their own scale of living. In the south to-day nearly all of the negroes who live on farm lands are tenant farmers. Competing with them are millions of white tenant farmers, many of whom are helpless as babies in the hands of unscrupulous men, and very few of whom are able to analyze the factors which fix prices for a crop sold all over the world.

Until the era of high prices for cotton, closing with last year, these tenant farmers had lived from hand to mouth for generations. Many of them owned nothing more than a wagon load of household goods. Some of them owned a pair of mules and possibly a few plows and a cultivator. Very few of them had any assurance that the farm they tilled one year would be theirs to till the next. They had become nomads.

Cotton is a nine months crop. It requires more capital than any other crop grown on this continent. These tenant farmers, without any fixed place of abode, borrowed money on crop mortgages paying from 10 per cent to 60 per cent interest. They bought their goods at the general stores on credit paying from 50 per cent to 150 per cent above cash prices. These figures can be verified from a

bulletin issued by the Agricultural and Mechanical College of Texas. When the cotton crop was picked, the tenant farmer did not own it. It was covered by mortgages almost to the full value and often beyond the full value.

Scores of efforts have been made in the cotton producing states to organize the cotton farmers so that they could market their crop gradually. Without a single exception these efforts have failed, and the reason is obvious. The banker and the merchant wanted their money as soon as the cotton was picked. They did not care to speculate on whether the cotton would bring a higher price later. They wanted their part of it at the earliest moment possible.

There are scores of tabulations showing the market value of cotton each day of the year. You cannot find a tabulation which fails to show that the price of cotton was low when the crop was being sold by the farmer, and that it went up as soon as the cotton was in the hands of the speculative buyers. Again the reason is obvious. The speculator had too much sense to force his cotton on an unwilling market. The farmer could not avoid making that error.

Freedom in High Prices

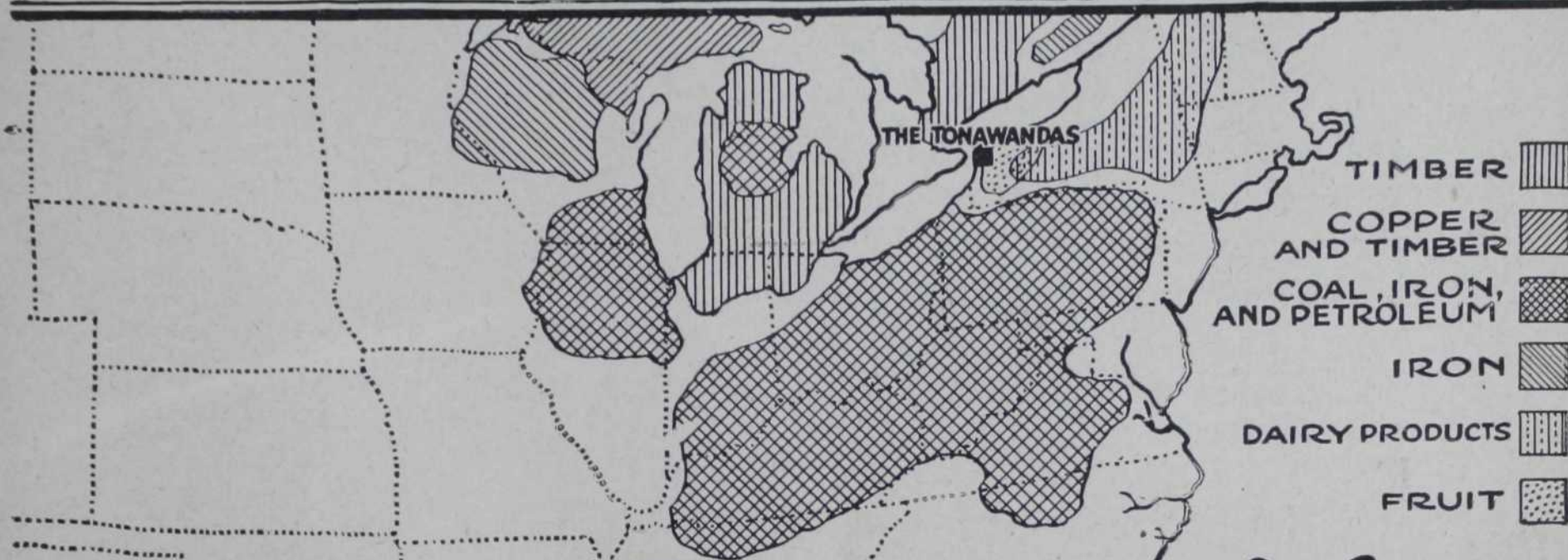
THERE never was but one hope for breaking this economic slavery. That hope was realized during the period of high prices referred to. During the past three years thousands of farmers have put enough money in the bank to pay cash for their supplies, to buy new equipment, perhaps to buy land. They broke the chain of usury which had bound them.

The condition of these farmers to-day is better than it has ever been before. This problem of cotton production is brought to a crisis now, not because the conditions are more intolerable than ever, but because the producers have had hope stirred in their breasts for the first time in thirty years. They have always known that they should hold their cotton and market it gradually. This year some of them are so determined to market their cotton right that they are even willing to burn down gins to prevent others from glutting the market.

The failure of cotton to bring wealth to its producers is both tragic and absurd. The southern states have a monopoly on cotton production which makes every other alleged monopoly in the world seem foolish. Great Britain, France and other countries have searched the globe for cotton lands. The world's demand for cotton goes on increasing year after year. Every twelvemonth sees new uses develop for this remarkable fibre. Only the southern states seem to be able to grow it, and yet it has never made them rich. Wherever cotton is the principal crop, there you will find public schools in tumbled down shacks, underpaid teachers, a high percentage of illiteracy and a school term ranging from one month to four. Wherever cotton is the principal crop, there you will find bad roads, poor bridges and the highest interest rates.

Those who have lavished their sympathy upon the child in the factory or mill and the boys in the mines, might profitably give some thought to the fact that a very large percentage of all of the cotton harvested in this country is picked by children. I am sure that

THE TONAWANDAS



Raw Materials Laid Down at Least Cost

December 1, 1920

Gentlemen:—

If your plant were located at the Tonawandas basic raw materials would be within easy reach by trunkline railroad or cheap water transportation.

Ships on the Great Lakes, or on the N. Y. State Barge Canal would cheaply carry your coal, coke and its by-products, ore—both iron and copper—lumber and limestone, petroleum and chemicals.

These ships or trunkline railroads could also cheaply bring the products of the world's greatest granaries to your wharves.

Send for the complete facts and learn that all other manufacturing conditions are right.

Very truly yours,

CHAMBER OF COMMERCE OF THE TONAWANDAS
TONAWANDA, N. Y. - - NORTH TONAWANDA, N. Y.

In the Heart of America The Tonawandas

1. The Chief Marine and Rail Gateway between the Great Lakes and the Atlantic, and between the United States and Canada.
2. Reliable, and cheap electric power from Niagara.
3. Superior labor supply, with open shop the rule.
4. Within 12 hours' ride of 70% of United States' and 80% of Canada's population.
5. Basic raw materials and diversified manufacturing within or close to the community.
6. Progressive living and working conditions; center of rich agricultural and fruit belt; equable climate.
7. The billions of financial resources of the Buffalo-Niagara Frontier District.



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Booklet

Cut out this corner as a reminder to write for Free Illustrated Booklet on the Tonawandas. Please use your letterhead.

NERVE CONTROL

of the

ORGANS OF ELIMINATION

How Constipation Follows a Derangement of the Mechanism, and How It Can Most Effectually be Relieved

AT the rear of the abdomen lies a great "plexus" or nerve center that works in a manner similar to a telephone central switch-board. It receives messages from nerves in various regions of the body and transmits them to minor nerve centers or "ganglia," which directly act on the muscles to be stimulated. Its principal function is to keep in operation various mechanical processes, of which the most important is the proper elimination of food waste.

The presence of food waste in the colon ready for discharge causes a message to pass to this plexus. The plexus immediately forwards this message on to the smaller nerve centers which directly control the muscles of elimination in the walls of the colon.

Constipation results from failure of the colon muscles to respond to orders. These muscles may fail because the waste matter in the colon is hard and dry, or because of reaction from over-stimulation created by salts, pills, castor-oil, mineral waters, etc. They are "tired out" and unable to respond—just as a jaded horse can no longer respond to the whip.

Nujol, unlike cathartics, works only on the waste matter and not on the system. It does not stimulate or harm, and therefore is the safe and rational treatment for constipation. Nujol simply softens the food waste and keeps it at the proper consistency, making it easy for the muscles to pass it from the body in their normal way. In the same process it relieves the nerves of over-exertion and enables them to rest.

Nujol actually prevents constipation because it helps nature maintain easy, thorough bowel evacuation at regular intervals—the healthiest habit in the world. It does not cause nausea or griping, nor interfere with the day's work or play.

Nujol is absolutely harmless and pleasant to take. Try it.

*Sold by all druggists, in sealed bottles,
bearing the Nujol trade mark.*

COUPON

Mail coupon for booklet "Constipation—Auto-Intoxication in Adults," to Nujol Laboratories, Standard Oil Co. (New Jersey), Room 703, 44 Beaver Street, New York. (In Canada, address Nujol, 22 St. Francois Xavier St., Montreal.)

Name.....

Address.....

** In succeeding issues of this publication will appear other articles on the elimination of food waste, based upon the conclusions of leading medical authorities.*

well over half of the cotton is picked by women and children, perhaps nine-tenths of it. Nearly all of this back-breaking work is done during months when those children ought to be in school.

Cotton at eight cents to fifteen cents a pound has been possible only because of the toil of these children. In no other way could such prices be maintained year after year. This crisis, which now takes the form of burning gins, would have developed twenty years ago if the cotton farmer could have seen a way out. They have been willing to seize any avenue of escape whether it involved disorder or not. They have blamed the speculators, the bucket-shops, the cotton exchanges, the national government and their various state governments for their misfortunes. But the truth of the matter all the while has been that they needed money to operate on and they did not have it. Their crop was sold before it was planted.

Some way out of this difficulty must be found. It would be highly advisable for the exporters and spinners of cotton to send commissions into the southern states and make a very careful study of the cost of producing cotton. Nothing very definite is known on that subject yet. The State Department of Agriculture of Texas estimated in the fall of the year 1919 that the cost of producing cotton that year was approximately 40 cents a pound. Cotton was then selling at 44 cents a pound.

In company with other men who were experts on cotton production, I made a study of the problem and our figures showed for that year that the cost of producing cotton was 27 cents a pound. In those figures the cost of picking was the heaviest item. The cost was entirely too high then. Negro cotton pickers were earning from \$10 to \$25 a day at that time.

It's No Local Matter

THIS problem is of national and international interest because this country has never grown even approximately the amount of cotton it can produce under reasonable conditions. In the spring of 1919 when labor was high in the cotton fields I saw thousands of acres abandoned to the weeds because the farmers were afraid to risk the vast amounts of money that would be required to keep these fields clean with labor at \$3 to \$5 a day. Some of these fields produced only a tenth of a bale of cotton to the acre, when the season justified three-quarters of a bale to the acre. If they could have known in April that cotton was going to sell at 45 cents a pound in September, these fields would have been kept clean.

Cotton is a staple crop. It is not subject to decay like wheat or corn. It can be stored for long periods of time if protected from the weather. Once the cotton farmer is on a cash basis and has some assurance that he will be able to sell his cotton at a profit, no matter how small that profit may be, production will be vastly stimulated and the south will come into its own.

Our cotton crop is too important to the United States as a whole and too important to the world to be handled forever in the wasteful, slipshod method that has characterized its production in the past. While children have been enslaved and condemned to illiteracy to produce cheap cotton, the cheapness has not been passed on to the consumer. There is entirely too much profit made on cotton between the farmer and the spinner.

The world at large would be vastly benefited by aiding the cotton farmer to get on a solid economic basis. Once he is there he



Camel Cigarettes

—their Turkish and Domestic blend

Camels blend of choice Turkish and choice Domestic tobaccos is the most distinguished achievement in the annals of cigarette manufacture.

It is the creation of men who have grown up in the tobacco business and who *know tobacco*; men whose ambition it has been to make the best cigarette any amount of money can buy!

It is only logical that the experience of these men should present in Camels a cigarette so unusual and so delightful as to prove a revelation—not only in quality, but in superb mellow mildness and refreshing flavor.

And, in Camels, a cigarette that never tires your taste and leaves no unpleasant cigaretty aftertaste nor unpleasant cigaretty odor.

R. J. REYNOLDS TOBACCO CO., Winston-Salem, N. C.

*Camels are sold everywhere
in scientifically sealed packages
of 20 cigarettes for 20 cents.*

Camel

CIGARETTES

Check Up

You are the owner and sole engineer of the most marvelous engine in the world—given you at birth and set going for you by The Maker. Do you occasionally, thoughtfully check up the work this engine is doing, every second of every hour of every day?

If you do, you are a good and faithful engineer. You will finish your allotted job here with energy, effectively, happily and well.

If you do not—in the name of all that is vital to you—why not? Do not wait until it flies its own red danger signal in your face; because that signal too often means the end of the track. Check it up.

In this connection

THE GLEN SPRINGS

Watkins Glen, N. Y., on Seneca Lake
WILLIAM E. LEFFINGWELL, President
The Pioneer American "Cure" for Heart Disorders

Offers just the assistance you may need in checking up—intelligent rest and a careful looking-over of your human machine, especially its engine, your heart—detecting and correcting weakness in time, to the best of human ability.

The medical world has long recognized this ability of The Glen Springs. Its Nauheim Baths, chemical and X-Ray laboratories and scientific treatments under the direction of physicians, are particularly adapted to heart disease, circulatory, kidney, nutritional and nervous disorders, rheumatism, gout and obesity. It is the only place in America where the Nauheim Baths for heart and circulatory disorders are given with a natural, calcium chloride brine.

Situated in the beautiful Finger Lakes region of New York State. Clear, dry, invigorating atmosphere. Every comfort for yourself and family. Open all year, but Winter, with the elements of oppressive weather absent, is the most favorable time to check up.

Illustrated booklet with detailed information will be sent on request

can produce much better and cheaper cotton. His methods at present are wasteful. The world gains nothing by the fact that he must pay such an enormous profit on the bacon he eats and such a high rate for money to hire cotton pickers in the fall. The world gains nothing by the fact that the cotton farmer has bad roads and worse bridges and that he lacks cows and hogs. All of these problems are essentially southern problems.

The world is willing to pay what cotton costs. That cost could be determined from time to time by competent investigation. Also the cotton farmer needs help. He is half way along the road to independence now, or perhaps more than half way. Hundreds of thousands have actually achieved independence during the past three years. If they must go back to prices based on the conditions of ten years ago, there will be unceasing disorder in the south.

There is good reason to be optimistic about the outcome of the struggle. If the independent cotton grower can save himself from disaster, he will inevitably apply his surplus to cheapening the cost of production of cotton by modern methods.

One-Way Trains Are Costly

IN THE long and many-itemed bill which the railroads have presented for damages under government administration the most curious perhaps is that of the Western Pacific which asks \$361,755 for creeping rails caused by using its tracks between Wells, Nevada, and Winnemucca in one way only, the Southern Pacific's line having been used for traffic in the other direction.

The average layman who reads this item hastens to ask: Don't they run trains one way only on all double-track roads? Why aren't they ruined? Then the experienced or even the inexperienced railroader tells him with scorn that double-track roads are laid differently.

How About Trade With Mexico?

THE Foreign Commerce Department of the Chamber of Commerce of the United States has noted increasing interest in the trade between the United States and Mexico. Numerous manufacturers and merchants, as well as chambers of commerce and other associations, are making inquiry concerning the Mexican credit situation, the volume of business, the attitude of American concerns, and other pertinent phases of the general trade situation across the Rio Grande.

In the course of a recent exchange of correspondence on the subject, the American Chamber of Commerce in Mexico City has notified the Foreign Commerce Department of the National Chamber that banks and commercial agencies report that in every part of the country business is better than it ever has been and that Americans in Mexico feel greatly encouraged.

In the letter from the American Chamber of Commerce of Mexico, the following with regard to the situation is stated: "More than 100 American houses have begun business in Mexico in the last two years. Some of them have sent representatives down here to open branch offices, others have put their business into the hands of established houses handling American representations, and still others are conducting their business through salesmen who make Mexico City their headquarters and travel into every state of the republic. The American Manufacturers are learning to pack well, and the principal hindrance now to trade between the two



Map Your Campaign

Planning a sales campaign is very much like planning a military campaign. Maps are essential to both. Napoleon fully appreciated the value of maps. Often he worked over his maps until late in the night, marking them so that his generals could not misunderstand his plan of attack.

In planning his sales campaign for the coming year, the sales manager needs to make careful use of his maps. There are new territory divisions to be made, new routes to be outlined, the locations of new distributors and dealers to be indicated, new quotas and various other facts and figures to be put down.

This can best be done on washable maps. The cellulose surface of National Maps makes it possible to erase, quickly and completely, any markings made thereon. Whenever changes are necessary, the swipe of a sponge or damp cloth leaves the map bright and clean and smooth, ready for new marking.

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Next in importance to the maps themselves is the method of displaying them. The Multi-Unit System keeps all your maps together in a convenient, space-saving and efficient arrangement. It is the loose-leaf system applied to maps—turn a wing and you have a new section of your territory before you. The Multi-Unit System can be secured in one, four, seven and twenty wing sizes, and in various wall and floor styles. Tell us what your territory is, and we will gladly make recommendations and help you select the outfit that will best meet your requirements.

We also make up special graphic sales charts. Many of the largest firms in the country are using it and find them most helpful and valuable. We shall be glad to make suggestions for one of these graphic charts that will help you.

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Map Makers for 35 Years

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You have ready the specifications of your proposed building, but how about the specifications of the contractor who is to build it?

To put an inefficient contractor in charge is as dangerous as it would be for a railroad to send out a locomotive with a green engineer.

What has he done? What does he know? What has he consistently demonstrated of efficiency and the economy that goes with it?

Put these questions up to us and you will find that, in addition to putting buildings together, we have a record that cannot be pulled apart!

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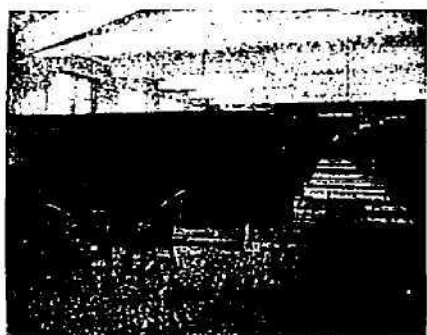
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This kind of simplicity is the result of years of study and experiment.

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We also make Steel Racks, Bins and Shelving. Catalogues on request.

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countries is the lack of understanding on the part of the American manufacturer of the stability of the Mexican house which is its customer.

"If one hundred American manufacturers could come down to Mexico City and stay a week studying the business of the city, which you know is the mercantile as well as the political capital of the country, there would be an enormous change in the system of giving credit to Mexican merchants, and it would be found that the American manufacturer, instead of demanding cash in advance on order, would be willing to give open accounts and ninety days with absolute confidence. The American houses which have been in Mexico a long time and have built up volume trade in this country, do give open accounts and ninety days, but the American house which is just beginning business thinks that the Mexican house is weak and demands either cash in advance or cash upon receipt of shipping documents. The English, French and Spanish exporters give much better credit terms, and Germany is making a very strong effort to regain its trade in this country by giving most extraordinary credit terms.

"No American house will lose money in Mexico if it will follow the same system that it uses in its business in the United States, and will get a report from Dun and from its own agent in Mexico upon its customers, and then decide upon its line of credit."

Capital for Foreign Trade

BANKERS cooperating with exporters, manufacturers and other producers to form a foreign trade financing organization under the Edge Law with an authorized capital of one hundred million dollars and a responsible and thoroughly efficient personnel—such is the much talked of "McHugh Plan" which has grown out of the work of the committee on Commerce and Marine of the American Bankers Association.

The plan takes its name from John McHugh, of New York City, chairman of the committee. His colleagues on the committee were Messrs. James J. Fagan, San Francisco, Cal.; John L. Hamilton, Columbus, Ohio; Richard S. Hawes, St. Louis, Mo.; Charles A. Hinsch, Cincinnati, Ohio; Fred I. Kent, New York City; William A. Law, Philadelphia; Robert F. Maddox, Atlanta, Ga.; Thomas B. McAdams, Richmond, Va.; Waldo Newcomer, Baltimore, Md.; Lewis E. Pierson, New York City; Arthur Reynolds, Chicago, Ill.; Charles H. Sabin, New York City; F. O. Watts, St. Louis, Mo.; Daniel G. Wing, Boston, Mass.

The committee was authorized in the fall of 1918, for the purpose of studying the foreign trade situation and keeping the members of the association informed regarding it. In August of 1920 the main outlines of the plan were given their first general publicity. In the summer the plan was considered by the board of directors of the American Manufacturers Export Association, and was declared worthy of "every encouragement" by that body. The report of the committee was presented at the Convention of the American Bankers Association in Washington, D. C., in October, 1920. The plan had been the subject of conference by an executive committee of three from the American Bankers Association with committees of three from the Chamber of Commerce of the United States, and from the National Foreign Trade Council; the three committees being referred to as a committee of nine.

The report submitted to the American Bankers Association in October states: "The conclusion of the committee of nine was unanimous that such a foreign trade financing corporation would be of great material benefit to the trade of the country and that its organization should be undertaken with the least possible delay," Mr. McHugh pointing out, however, that neither the committee nor any member of that committee was in any way seeking, collectively or individually, to organize such a foreign trade financing corporation.

In the general meeting of the American Bankers Association, when the committee's report was submitted, the following resolution, with the "whereases" omitted, was adopted:

"RESOLVED, That the American Bankers Association, in convention assembled, approves the plan of the Commerce and Marine Committee and the president of the association is hereby authorized and empowered to request an adequate number of representative bankers and business men to meet, and if it appears advisable and practicable, to appoint from their number a committee to take steps in accordance with this plan to form a foreign trade financing organization with an authorized capital of one hundred million dollars and a responsible and thoroughly efficient personnel."

In discussion of the resolution it was brought out that neither the Bankers Association, the Chamber of Commerce of the United States, nor the National Foreign Trade Council has in mind in any respect going into the banking business, or commencing any private schemes. It was explained to the delegates that the resolution voiced approval of the work and the idea put forward by the committee, and was an attempt to bring together the business executives who would be most interested in such a proposition and to let them consider the plan and see if they wanted to organize a foreign trade financing corporation of this magnitude in this manner.

Why Large Incorporation

THE committee studied the relative advisability of organizing one very large corporation, as compared with a group of smaller ones. Bankers and business men in various parts of the country were consulted. Decision was made in favor of the plan of a large corporation for the following stated reasons: It will attract the best expert talent; it will have the efficiency attaching to large organizations; it will give the utmost protection to the investor; it will the more readily create a market for its debentures by its avowed purpose of encouraging thrift; it will give to every locality the fullest possible use of the capital and funds coming out of that locality, to be employed in furthering the export trade of that locality, together with the prestige and influence of a large corporation in the employment of those funds; it will command a high degree of public confidence.

Regarding the scope of operations the McHugh reports says: "Under the Edge Law, such a corporation as contemplated would be permitted to issue debentures against foreign securities carefully purchased by it to the amount of ten times its capital, so that it would have a maximum ability financially of about a billion dollars." Bankers and business men of Great Britain, the report says, are watching with great interest the development of corporations under the Edge Law, and are very much interested in observing the work of the committee. The report urges

*Douglas Fir
Northern White Pine
Idaho White Pine
Western Soft Pine*



*Western Hemlock
Washington Red Cedar
Red Fir and Larch
Norway Pine*

HOW THIS TRADE-MARK FIXES RESPONSIBILITY FOR YOUR LUMBER PURCHASE

WOOD is one of the oldest and most universal materials of civilization.

Yet people know less about it than about almost any other thing they buy and use.

Even the buyer of a great industrial concern, with all his special knowledge—the man who selects a motor truck or a dynamo with perfect confidence—is likely to order lumber without full consideration of the service he expects of it.



Some of the best commercial woods are little known in some sections of the country where higher prices are paid for inferior species. Industries specify a kind of wood through habit, or the practice of the trade, without knowing that a better kind is available.

Think what it would mean to the great industrial plants of the Middle West and the Eastern Seaboard to know the qualities of Douglas Fir—to be able to buy this wonderful structural timber, and to be sure of uniform quality by the trade-mark of a responsible producer.

As substantial factors in the lumber business, the Weyerhaeuser people want you to think more about the wood you use.

To this end we will supply to lumber dealers and to the public any desired information as to the qualities of different species and the best wood for a given purpose.

This service will be as broad and impartial as we know how to make it. We are not partisans of any particular species of wood. We advise the best lumber for the purpose, whether it is a kind we handle or not.

What we advocate is conservation and economy through the use of the right wood in its proper place.

Think how this service on lumber would benefit the farmer in his building and repairs—the home-builder in his investment in a house.



From now on the Weyerhaeuser Forest Products trade-mark will be plainly stamped on their product. You can see it for yourself at the lumber yard or on the job after it is delivered.

When you buy lumber for any purpose, no matter how much or how little, you can look at the mark and know that you are getting a standard article of known merit.

WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

Producers of Douglas Fir, Western Hemlock, Washington Red Cedar and Cedar Shingles on the Pacific Coast; Idaho White Pine, Western Soft Pine, Red Fir and Larch in the Inland Empire; Northern White Pine and Norway Pine in the Lake States.

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Service of a worth-while nature is what Mead-Morrison offer the purchaser of their equipment. A trained staff of engineers gives its attention entirely to obtaining maximum usefulness from equipment in the hands of clients.

The purchase of material handling equipment involves usually a good-sized expenditure.

Therefore the character and reliability of the concern behind the product should be determined thoroughly.

A name like Mead-Morrison stands for everything that is honest and reliable.

Mead-Morrison Equipment has been lifting the load of the nation's industry for over a generation. It has proven by performances that it merits the trust of its users.

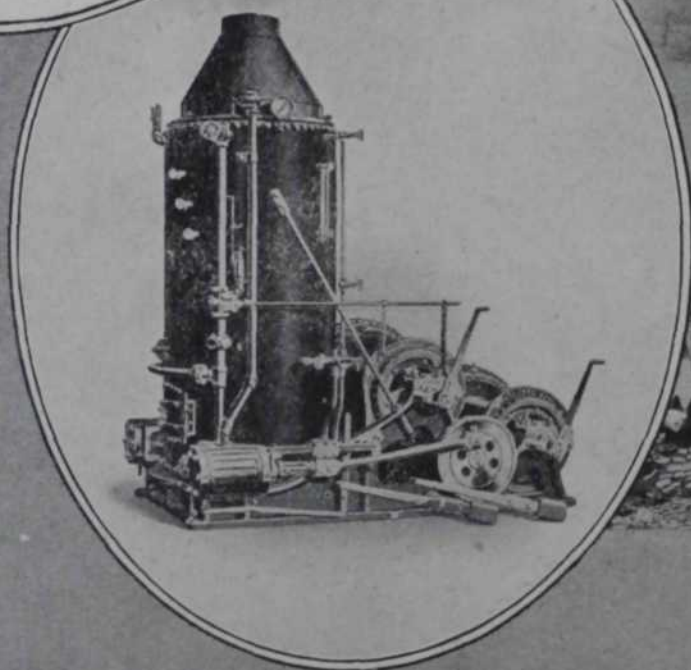
Mead-Morrison Equipment includes Steam and Electric Hoists, Grab Buckets, Conveyors, Car Pullers and Truck Winches.

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UNITED STATES SHIPPING BOARD

Offers for Sale STEEL AND WOOD SHIPS

Bids will be received on a private competitive basis in accordance with the Merchant Marine Act at the office of the United States Shipping Board, 1319 F Street N. W., Washington, D. C.

The ships offered for sale include steel vessels and wooden steamers.

The steel steamers are both oil and coal burners. The Board has established a minimum price on these vessels.

Terms on Steel Steamers

10% of the purchase price in cash upon delivery of the vessel; 5% in 6 months thereafter; 5% in 12 months thereafter; 5% in 18 months thereafter; 5% in 24 months thereafter; balance of 70% in equal semi-annual installments over a period of ten years; deferred payments to carry interest at the rate of 5% per annum.

The two hundred and eighty-five wooden steamers for sale are of ten different types, as follows: Nine Daugherty Type; Seventeen Ballin Type; Ten Peninsula Type; Six Pacific American Fisheries Type; One Allen Type; One Lake and Ocean Navigation Company Type; Thirteen McClelland Type; One Hundred and Eighty-six Ferris Type; Thirty-one Hough Type; Eleven Grays Harbor Type.

Terms on Wooden Steamers

10% cash on delivery. Balance in equal semi-annual installments over a period of three years.

Bids may be submitted for one or more vessels or for any combination of above vessels, and must be accompanied by certified check made payable to the U. S. Shipping Board for 2½% of amount of the bid.

Bids should be submitted on the basis of purchase "as is and where is."

Further information may be obtained by request sent to the Ship Sales Division, 1319 F Street N. W., Washington, D. C.

The Board reserves the right to reject any and all bids.

Bids should be addressed to the UNITED STATES SHIPPING BOARD, WASHINGTON, D. C., and indorsed "BID FOR STEAMSHIP (name of ship)."

that the time is opportune for the formation of such a foreign trade financing corporation as contemplated and, moreover, that there is urgent necessity for such a corporation, functioning effectively.

Before the McHugh report was submitted to the American Bankers Association in the Annual Convention, the subcommittee of the Chamber of Commerce of the United States of America—Mr. Lewis E. Pierson, of New York City, Mr. George Ed. Smith, of New York City, and Mr. John W. Staley, of Detroit, Mich.—had reported on this plan to the board of directors of the Chamber of Commerce of the United States. The board of directors voted to bring the plan of Mr. McHugh to the attention of the members of the National Chamber for their sympathetic consideration.

President John S. Drum of the A. B. A. has called the meeting provided for in the resolution, to take place in Chicago, December 10 and 11. The committee of arrangements is Senator Edge of New Jersey, Mr. McHugh, Mr. Pierson, Mr. Sabin, Mr. Kent, Mr. George Ed. Smith, Mr. Staley, Mr. O. K. Davis, and Mr. E. P. Thomas, of New York, and Mr. John H. Fahey, of Boston.

STATEMENT of the Ownership, Management, Circulation, Etc., required by the Act of Congress of August 24, 1912, of The Nation's Business, published monthly at Washington, D. C. for October 1, 1920.

City of Washington, District of Columbia, ss. Before me, a Notary Public, in and for the City and District aforesaid, personally appeared John G. Hanrahan, Jr., who, having been duly sworn according to law, deposes and says that he is the business manager of The Nation's Business, and that the following is, to the best of his knowledge and belief, a true statement of the ownership and management of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the United States, Mills Building, Washington, D. C.; Editor, Merle Thorpe, Mills Building, Washington, D. C.; Managing Editor, F. S. Tisdale, Mills Building, Washington, D. C.; Business Manager, John G. Hanrahan, Jr., Mills Building, Washington, D. C.

2. That the owners are: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers and directors are as follows:

President: Joseph H. Defrees, Chicago, Ill.; Resident Vice-President: Elliot H. Goodwin, Washington, D. C.; Vice-Presidents: A. C. Bedford, New York City, William Butterworth, Moline, Ill., Philip S. Tuley, Louisville, Ky., Maynard McFie, Los Angeles, Cal.; Secretary, D. A. Skinner, Washington, D. C.; Treasurer, John Joy Edson, Washington, D. C.; Directors: Max W. Babb, Milwaukee, Wis., George H. Barbour, Detroit, Mich., R. M. Bissell, Hartford, Conn., A. E. Carlton, Colorado Springs, Colo., J. E. Chilberg, Seattle, Wash., John M. Crawford, Parkersburg, W. Va., Clyde C. Dawson, Denver, Colo., William J. Dean, St. Paul, Minn., Howard Elliott, New York City, Dorr E. Felt, Chicago, Ill., Philip H. Gadsden, Charleston, S. C., Charles C. George, Omaha, Nebr., Edwin Clark, Gibbs, Cincinnati, Ohio, Clarence H. Howard, St. Louis, Mo., A. L. Humphrey, Pittsburgh, Pa., Frank H. Johnston, New Britain, Conn., Frank Kell, Wichita Falls, Tex., James S. Kemper, Chicago, Ill., Charles S. Keith, Kansas City, Mo., Frederick J. Koster, San Francisco, Cal., W. S. McLucas, Kansas City, Mo., Lewis E. Pierson, New York City, John L. Powell, Wichita, Kan., Bernard J. Rothwell, Boston, Mass., M. J. Sanders, New Orleans, La., Lewis B. Stillwell, New York City, George Ed. Smith, New York City, John W. Staley, Detroit, Mich., Nathan Strauss, Portland, Ore., Henry C. Stuart, Elk Garden, Va., Ernest T. Trigg, Philadelphia, Pa., Henry M. Victor, Charlotte, N. C., Theodore F. Whitmarsh, New York City, Thomas E. Wilson, Chicago, Ill.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

JOHN G. HANRAHAN, JR.,

Business Manager.

Sworn to and subscribed before me this 23d day of September, 1920.

(Seal)

LACEY C. ZAPP, N. P.
(My commission expires Sept. 28, 1922).

Is There a Chamber of Commerce in Your Town

If not, it is no difficult matter to acquire one.

Here is a typical case:

Greenville, S. C. has a population of 23,000. Its business organization was practically defunct. Some one in Greenville came across a publication of the Organization Service Bureau of the United States Chamber entitled "Building and Maintaining a Local Chamber of Commerce." A group of citizens, following the method of procedure laid down in this pamphlet, has built up one of the largest memberships in a Chamber of Commerce of any city of its size in America. The first day it secured 1000 members, which comes close to the one day record regardless of population.

But the business men of Greenville do not propose to stop at this point. The pamphlet describes the means whereby membership once obtained can be maintained and even increased without the necessity for "drives."

A neighbor of Greenville, the Winston-Salem Chamber, has gone so far as to decide definitely that it will conduct no more "drives," but that it will confine its membership building efforts along lines laid down in the pamphlet and defined as continuous selling.

Other organizations which have followed the direction of the pamphlet in membership work with marked success are those at Benton Harbor, Michigan, Washington, Pennsylvania and Ashland, Oregon.

Here is what the official publication of the California Association of Commercial Secretaries says of the pamphlet:

"One of the most valuable pamphlets which has ever been published for the service and guidance of secretaries of commercial organizations has been issued by the Chamber of Commerce of the United States.

"It is entitled 'Building and Maintaining a Local Chamber of Commerce' and it is meat from cover to cover. The whole field of activity—organization, field of work, administrative machinery, program of work, officers and committees, revenue, membership campaign, continuous membership solicitation, suggested form of by-laws; several forms of membership contracts, letters to prospective members, membership arguments, etc., is covered in a most interesting way.

"Those of you who hold membership in the United States Chamber (and every mother's son of you should) can no doubt secure a copy if you haven't already received it, by writing national headquarters, and it should be in every secretary's file.

Anyone interested in creating an organized business association in his town along approved lines or in revivifying a dormant body, can get a copy of the pamphlet for 25 cents by writing to the

Organization Service Bureau
Chamber of Commerce of the United States
Washington, D. C.

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For scores of such representative owners as follow, we have handled building construction in excess of a million dollars each.

Montgomery Ward & Co., Chicago
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Fifty-three repeat orders, totalling nearly \$40,000,000, from twelve of the above owners, are proof of

Owner Satisfaction

YOU can retain Wells Brothers' organization to build for you at a moderate service fee.

You will pay only the actual lowest net cost of the work and the builder's fee, a definite sum fixed in advance.

You will get the best building for the least money in the shortest time.

ASK FOR PROOF

Wells Brothers Construction Co.

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"Wells Built Means Built Well"

Clean People Want

CLEAN FLOORS

in American Business



Lobby of MORRISON HOTEL, Chicago where guests are greeted with CLEAN FLOORS and made to feel at home.

To know that a hotel is CLEAN is to feel its respectability.

To know that a store is CLEAN is to consider it a reliable place to trade.

To know that an office building is CLEAN is to realize that its tenants are likely to be CLEAN business people.

To know that a factory is CLEAN is to be certain of a CLEAN product made by CLEAN, healthy employees.

Cleanliness is an index to character—of business as well as of person.

Unless the floors are CLEAN, the establishment is *not* CLEAN.

Thousands of executives, knowing that "CLEAN FLOORS reflect LEAN business," and that ordinary hand methods are not consistently CLEAN, are using the Finnell System of Power Scrubbing with unusually gratifying success.

There's a right size outfit for scrubbing any kind of floor—any size, any place, any time, under any conditions.

Complete information gladly sent on application to our Chicago offices.

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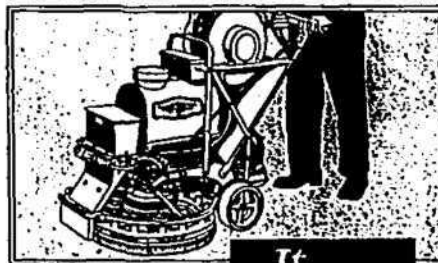
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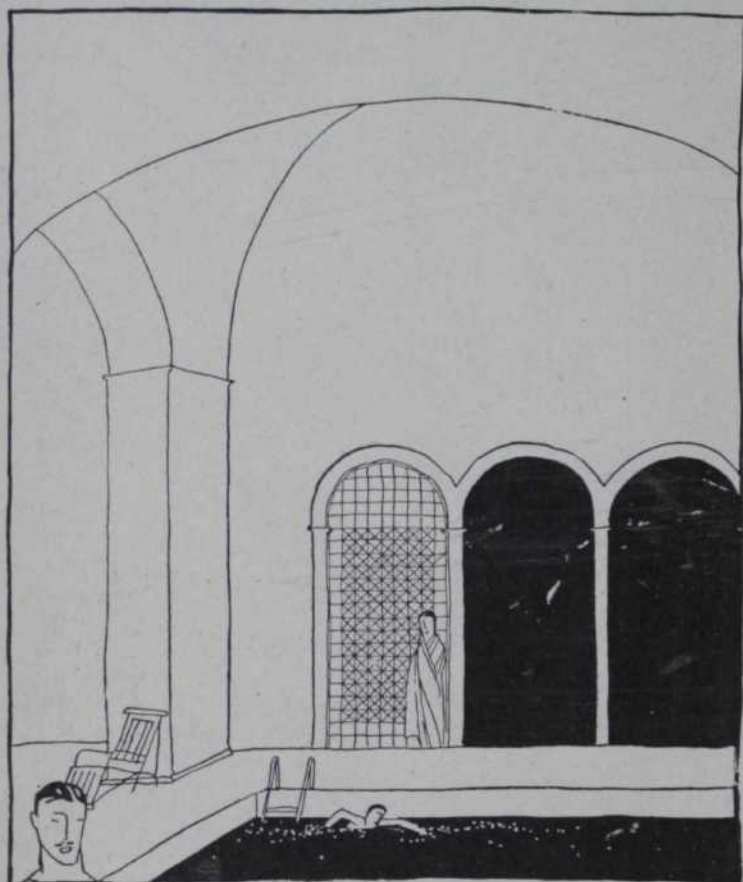
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Two swimming pools—
one for men, one for
women—in two complete
Turkish Bath establish-
ments. What a comfort!

A Swim at the Hotel

*Mere size, or mere equipment, can't
make such a hotel as the Pennsylvania.*

And though the Pennsylvania's
swimming pools and sun-room and
library and other unusual equipment-
features are appreciated—

And though this is the largest
hotel in the world, whether measured
by number of rooms, floor-space,
cubical contents, or any other
standard—

The *real reason* why the Pennsylvania
is the preferred New York home of so
many thousands of discriminating travel-
ers is its *character*—a character of which
all its thoughtfulnesses, from hairdressing
salons to the morning paper under your
door, are merely types and examples.

To make the Pennsylvania your New
York hotel will probably mean that you
will have a more comfortable, more pleas-
ant, more restful New York visit than
you otherwise would.

HOTEL PENNSYLVANIA

Opposite Pennsylvania Terminal, New York

Associated with HOTELS STATLER, Buffalo, Cleveland Detroit, St. Louis

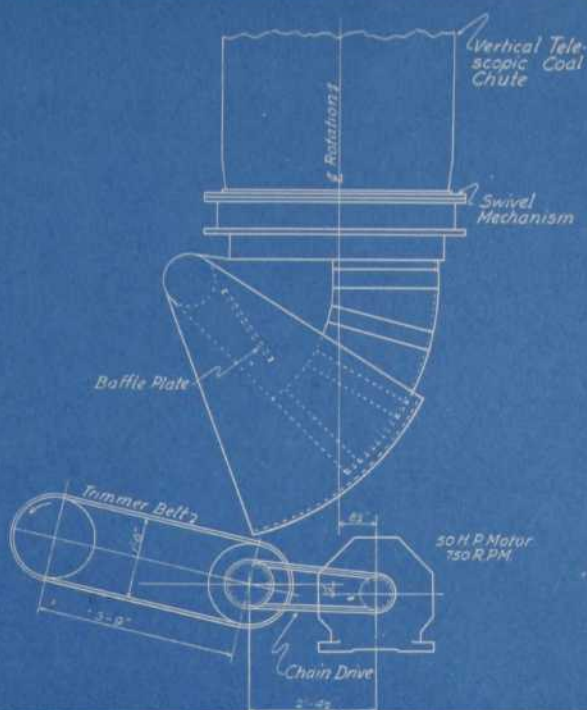


Front View of Mechanical Trimmer
BALTIMORE & OHIO R.R.
Export Pier, Curtis Bay, MD.

OUTLINE OF TRIMMER BELT

Tonnage Handled 72996
Belt Speed 2700 F.P.M.

G.T.M. Specified: — **GOODYEAR BELT**
48" 8 Ply— $\frac{1}{8}$ " Top— $\frac{1}{32}$ " Pulley Cover
Built to Meet Conditions



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Double the Tonnage—and the G.T.M.

Experts on belting say that nowhere have they seen or heard of service conditions more severe than those under which the trimmer belt works on the Lane-Galloway Mechanical Trimmer at the Baltimore & Ohio Railroad's Export Pier, Curtis Bay, Maryland.

Coal in varying sizes from dust to 100- and 200-lb. lumps falls down a telescopic chute from 23 to 44 feet high, onto a baffle plate and thence onto the trimmer belt. This belt runs at a high speed, around 2,700 feet per minute, and literally hurls the coal 30 to 40 feet to all parts of the hold.

The trimming device revolves about a vertical axis and directs the stream of coal from side to side of the ship. It was developed within the past year by H. A. Lane, Chief Engineer of the B. & O., and Philip G. Lang, Jr., Assistant Engineer of Bridges. Two of these trimmers loaded 9,569 tons of coal in 9 hours and 33 minutes, a job that would have required 25 hours of hand trimming by 200 men.

To specify the belt which would most economically and efficiently perform this unique conveying service, stand up under the abrading and pounding action of the falling coal, and run at the speed required to throw the coal, was the problem put up to the G. T. M.
—Goodyear Technical Man. In co-operation with

the B. & O. officials, he made a careful analysis of the working conditions, and recommended a 48" 8-ply Goodyear Trimmer Belt of special construction, with $\frac{1}{8}$ " top and $\frac{1}{32}$ " pulley side cover.

The tonnage record of this Goodyear Belt is 72,996 tons from May 6 to June 6, 1920. The greatest tonnage carried by the best of several other kinds of belting used in this duty was 31,994 tons.

"We have tried a number of belts," writes C. W. Galloway, Vice President of the B. & O., "but found the belt manufactured by The Goodyear Tire & Rubber Company the best. If the performance of this belt is an indication of what can be expected, it is far in excess of anything we have tried, and I congratulate you on the performance of your product." Twenty-eight more of these Goodyear Belts have been ordered by the B. & O. for its trimmers.

However difficult your conveying or transmission problem, its solution may be discovered through an analysis by the G. T. M., and the performance of the belt he recommends. Goodyear Belts are built to the duty required, and they are so built as to protect our good name. For further information about Goodyear products, and the Goodyear Analysis Plan, write to The Goodyear Tire & Rubber Company, Akron, Ohio, or Los Angeles, California.

GOODYEAR

CONVEYOR BELTS

Do Not Delay Your Orders for Motor Trucks

Efficient transportation is fundamental to business. Production and sales must be based on the ability to make prompt deliveries. Before credit can be secured for expansion, outstanding credits in goods must be liquidated.

Motor truck equipment affords transportation independence, because it is as much under the control of the owner as his processes of production or his sales force. It is emergency insurance, with an everyday utility value—building up good will by assuring prompt deliveries, speeding production, making for better credit, enhancing prestige.

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Chassis (1½-2 Ton)

\$2300 97-inch Wheelbase

\$2400 120-inch Wheelbase

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